

# The NATIONAL UNDERWRITER

Life Insurance Edition

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FRIDAY, DECEMBER 29, 1939

# BROAD SCOPE OF EQUITABLE SERVICE



TO PROTECT THE FAMILY AND THE HOME  
TO PROVIDE INCOMES FOR WIFE AND CHILDREN  
TO PAY FOR EDUCATION OF BOYS AND GIRLS  
TO STRENGTHEN THE BUSINESS AND CREDIT  
OF INDIVIDUALS, FIRMS AND CORPORATIONS  
TO SAFEGUARD ESTATES  
TO PAY INHERITANCE TAXES  
TO ASSURE HOME OWNERSHIP  
TO EXTEND GROUP INSURANCE BENEFITS TO  
FAMILIES OF EMPLOYEES  
TO ENABLE EMPLOYEES TO PURCHASE INSUR-  
ANCE ON A SALARY SAVINGS PLAN  
TO HELP MEN AND WOMEN BECOME FINAN-  
CIALLY INDEPENDENT  
TO START CHILDREN IN THE PATH OF THRIFT

THERE ARE EQUITABLE POLICIES FOR ALL THESE NEEDS AND EQUITABLE REPRESENTATIVES  
ARE BY TRAINING EQUIPPED TO EXPLAIN AND ADAPT THEM APPROPRIATELY

**THE EQUITABLE LIFE ASSURANCE SOCIETY  
OF THE UNITED STATES**

393 SEVENTH AVENUE, NEW YORK, N. Y.

THOMAS I. PARKINSON, PRESIDENT

# The NATIONAL UNDERWRITER

Forty-third Year—No. 52

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, DEC. 29, 1939

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## TNEC Members Reveal U. S. Control Is Being Weighed

Zimmerman Issues Fighting  
Message After Seeing Trial  
Balloon Over Potomac

WASHINGTON—Members of the federal monopoly committee disclosed that they have been considering informally several possible methods for government regulation of life insurance companies.

They have not agreed on any recommendations, but they contend that committee hearings during the last year have shown that some form of regulation should supplement existing state laws.

### Three Suggestions Advanced

Members who favor some form of federal regulation said that they would not advocate supplanting state jurisdiction, but rather would suggest federal authority over matters which are beyond the jurisdiction of any one state.

Among the suggestions which they said have been under consideration are:

1. Amendment of the federal bankruptcy act to give the government jurisdiction over insurance company failures.

### Principle of FDIC

2. Creation of a form of fund insurance similar to the federal deposit insurance for banks. It would give the government opportunity to require uniform accounting and make possible the disclosure of any irregularities.

3. Establishment of an even more comprehensive control system patterned after the federal reserve system for banks, or regulation under an administrative body such as the Securities & Exchange Commission.

Proponents of federal control contend that life companies are engaged in many respects in the same business as banks, yet are permitted much greater freedom of operation. Most of the evidence which the SEC has presented to the committee has been designed to show that state regulation is inadequate.

### ZIMMERMAN FIGHTS

C. J. Zimmerman, president National Association of Life Underwriters, issued a fighting statement Wednesday, after reading an Associated Press dispatch, saying the monopoly committee members are considering methods of federal control. After a preface, saying that the investigation has brought forth evidence of the splendid record of life insurance, etc., Mr. Zimmerman proceeds:

"What then was the further excuse for a continuation of this monopoly committee study?

"This question is at least partially an

## Senator Burke (Neb.) Urges Fight Against U. S. Control

### Examines Impact of Wash- ington on Insurance; Finds Disturbing Issues

Herewith is presented in full the address given by United States Senator Edward R. Burke of Nebraska, before a meeting in Omaha of the Nebraska Association of Life Underwriters. In this treatment of life insurance and the monopoly investigation, Senator Burke gives a temperate and informed account of what has taken place and undertakes to apprehend the objectives of those that are influential in the inquiry. Senator Burke has no doubt but that one of the objectives is federal control of life insurance and he concludes that this presents a definite challenge to American principles of government. This paper should be required reading for those who are watching the impact of Washington upon insurance.

### Policyholders Watch Hearings

"The vast army of policy holders, and others interested in the business of insurance," Senator Burke observed, "are closely watching the hearings being conducted by the so-called monopoly committee. It is gratifying to note the remarkable tributes which have been paid before that committee to the soundness of American life insurance companies, and to the efficiency and devotion to the public interest of their officers and directors. Nevertheless, it should be recognized that the probable result of this inquiry will be proposals for an extension of the federal government's regulatory authority into the field of life insurance.

"If current reports may be accepted, the implications are disturbing. Fundamental issues respecting the function of the federal government in the field of economic planning and regulation and its attitude toward large aggregations of wealth as represented in leading insurance companies are shaping up for consideration by Congress.

### Movement Toward Socialization

"Suggestions which have been heard are that federal regulation may be superimposed upon the present supervision of life insurance companies by the states, that the Securities & Exchange Commission may be given control over the investments of the companies, that this commission or some other federal agency, perhaps a brand new addition to the already long list of bureaucratic bodies, will take charge of elections of directors of mutual insurance companies, and that a limitation may be placed upon the size of companies.

"If any or all of these proposals are made effective, it will mean that new impetus will be given to the movement toward socialization of business and industry, that the federal government will encroach further upon the sovereignty of the states, that the burdens and problems of the insurance companies will be vastly increased, that a federal bureaucracy will create new maladjustments in the economic structure through its at-

tempts to apply untried social and economic theories, and that citizens in their capacity as taxpayers will suffer from the new costs of regulation and in their capacity as policyholders will feel the adverse effects of unwarranted interference with private management.

"The monopoly investigation was authorized by Congress about a year and a half ago. The investigating group created under the terms of a joint resolution is officially designated as the Temporary National Economy Committee. Its printed hearings bear the heading 'Investigation of Concentration of Economic Power.'

### Resolution for the Inquiry

"The resolution for the inquiry authorized the committee to investigate the questions raised in a message by the President on April 29, 1938, with respect to 'Monopoly and the concentration of economic power in and financial control over production and distribution of goods and services' with a view to determining '(1) the causes of such concentration and control and their effect upon competition; (2) the effect of the existing price system and the price policies of industry upon the general level of trade, upon employment, upon long-term profits, and upon consumption; and (3) the effect of existing tax, patent, and other government policies upon competition, price levels, unemployment, profits, and consumption.' The very broad scope of the inquiry as thus indicated is further extended into the monetary field with a mandate to the committee also to 'investigate the subject of governmental adjustment of the purchasing power of the dollar so as to attain 1926 price levels.'

"The resolution provided for a committee of 12, consisting of three senators, three representatives and one representative each of the department of justice, treasury department, department of labor, department of commerce, Securities & Exchange Commission, and Federal Trade Commission.

"The inquiry is unusual in that it is conducted jointly by representatives of the legislative and executive branches of the government. Each of these coordinate branches of the government has six members of the committee. Nominally neither branch has an advantage, but actually the executive branch is in the better position to dominate the proceedings. The six members of Congress were selected on a bipartisan basis, four of them being Democrats and two Republicans. They represent different viewpoints with respect to social and economic policies and may not always vote as a unit. The six members from the executive branch, on the other hand, represent departments and agencies which are a part of the administration. Presumably they will be in substantial accord on controversial issues. Furthermore, the major part of the funds of the committee was appropriated directly to the President for allotment among the six departments and agencies. Under the practice followed, studies of various phases of the broad problem of monopoly and concentration of economic

(CONTINUED ON PAGE 23)

## SEC Pries Into Some Illinois Transactions

### Hearing Devoted to Con- version of Illinois Bankers to Legal Reserve Basis

By ROBERT B. MITCHELL

WASHINGTON—How Hugh T. Martin, chief owner and for the last year president of Illinois Bankers Life, could pay nearly \$300,000 to the president and two other officers of the old Illinois Bankers Life Association, mutual assessment organization, in order to get control of the new company, was explained when Mr. Martin told the Temporary National Economic (monopoly) committee that he received the bulk of a \$430,000 share in the commissions on the contract under which the American Conservation Company of Chicago re-wrote the assessment business into the successor stock company.

Mr. Martin denied that the policyholders lost anything by the \$430,000 payment since this represented a slice of profits which Herbert G. Shimp was willing to forego in order to get his American Conservation Company off to a good start with a substantial rewrite contract. Gerhard Gesell, counsel for the Securities & Exchange Commission's insurance study, wanted to know if the 70 percent commission which the American Conservation Company was to receive on re-written business could not have been correspondingly less and hence less of a burden on the policyholders had it not been for the \$430,000 "kick-back" as he termed it.

### Was "Regular Rate"

Mr. Martin denied this, saying that American Conservation got the regular rate and that if he had not got the \$430,000, which represented a 25 percent share in the rewrite commissions, the policyholders would not have benefited, since it would merely have meant that Mr. Shimp would have received the full profit himself. Gesell attempted to refute this by putting Mr. Shimp on the stand and asking him what his usual rates of commission were. Mr. Shimp said that the commission rate depended a great deal on the particular case but admitted that he had made some re-write contracts at a commission of as low as 50 or 55 percent.

SEC Commissioner Leon Henderson after asking some questions on the figures involved estimated that the \$430,000 represented an extra loading amounting to approximately \$10 for each policyholder whose policy was rewritten. Referring to the roundabout method by which the \$430,000 reached Mr. Martin as a "rabbit-warren of transactions," Henderson asked if the net result was (CONTINUED ON PAGE 10)

# Despite Distracting Influences, Life Insurance Shows Gains

By CLARENCE C. KLOCKSIK  
Legislative Counsel Northwestern Mutual Life

Having successfully contended with the trials and problems of the depression period, American life insurance this year was confronted with a government investigation that commanded wide national interest and left a feeling of anxiety about the motives behind the inquiry. However, if the results of the year may be taken as a criterion, the public's confidence and faith in life insurance were more firmly entrenched than ever.

Despite a generally depressed market and other distracting influences, the life agents placed on the books nearly \$13,000,000,000 of new insurance, an increase of about a half billion over 1938. Not only was the volume of new business impressive, but the highest standard of quality coverage was attained according to underwriting experts.

#### Gains Reported for the Year

Total insurance in force, which in the last decade has increased moderately, rose to approximately \$114,000,000,000, a gain of nearly three billion. Aggregate assets continued their climb to a new high of \$29,150,000,000. Sums paid or credited to policyholders in 1939 will aggregate \$2,650,000,000, of which \$950,000,000 was paid to beneficiaries and \$1,700,000,000 to living policyholders.

The raising of all these accounts to higher levels presents a graphic view of the achievements of life insurance in 1939.

Other notable gains of the year were reflected in the continued improvement in field operations of every character. Better trained and equipped agents have been the rule year after year, until now it may be said that applicants for life insurance receive the counsel of experts, while policyholders today enjoy a service throughout the life of the policy. The head offices also have steadily improved their facilities for the use of their agents and policyholders. Education and training courses have developed a high degree of efficiency in the services rendered by home officers.

#### Check Expenses to Offset Interest

To offset the decline in interest earnings, home office managements have turned to the only controllable item, the expense factor, and the strictest economies have been put into effect. Mortality experience has been even more favorable. More profit than loss has resulted from the sale and exchange of securities. Altogether, these items will go a long way to fill the gap caused by current low interest rates.

The principal factors making for low interest rates—heavy excess bank reserves, the U. S. treasury's continued borrowing and the government's sale of its securities to its own trust funds—still prevail. On the other hand, increased business activity will bring an expansion of private loans, but this will not be sufficient to offset the deterrent factors. Therefore, no material increase in rates during the next few months is expected.

#### Dividend Scales Maintained

Many companies have announced a continuance of their present dividend scales for 1940. A few have made some adjustments in their schedules, but no decrease was made in the total sum allotted. These are definite signs that the cost of life insurance to policyholders will be held at the lowest possible level, consistent with safety to the reserve

fund, and without disturbing accrued surplus or contingency reserves.

Developments in Washington are of the utmost importance. The TNEC's probe into life insurance began early in the year, and shortly before its adjournment Congress passed the major amendments to the social security act.

#### TNEC Activities Reviewed

There is little in the record of the TNEC committee so far to indicate that the ordinary classification of life insurance is on trial. Early in the year, the committee sent out questionnaires concerning organization and executive action of companies, later investments and investment practices were inquired into, and recently detailed questions were asked as to agency and underwriter practices and experience.

In the public hearings, the committee has concerned itself mainly with the practices regarding industrial insurance, and any implied criticism by it has fallen principally into that classification. If completion of the committee's work is near at hand, ordinary insurance in general is expected to have little to fear from the inquiry.

#### Agency System Has Fine Record

Much concern is felt about the status of the present agency system, but it must be borne in mind that century of experience and performance has demonstrated that the agency system is the best instrument yet devised for the development of individual thrift and security. This system has progressed and improved with the years and its cost is justifiable. There is no magic formula or invention which could replace it. The agency system appears to be in no imminent danger of material alteration.

There are some who think the TNEC committee is trying to build up a case in favor of federal supervision. This is an old question, and it has been discussed periodically. Those who must draft and ask state insurance departments to approve policy and other contract forms have thought at times the requirements of state departments somewhat technical and unworkable and momentarily may have believed supervision by one single department might be preferable. One of the many answers is that one central department cannot know local state conditions and any supervisory error would affect all companies everywhere. Instead of in a small section of the country, so the difficulty experienced and sometimes complained of would be aggravated rather than remedied.

#### Might Seek Investment Supervision

In some quarters, there is a feeling that complete supervision of insurance by the federal government would be too great an assumption of authority and that the TNEC committee might recommend only a federal law to regulate the investments of the companies. Writing insurance and investing company funds are so closely related that regulations by different governmental authorities would necessarily lead to confusion and conflict. Life insurance is a single business and any regulation to be effective and workable must consider and harmonize each separate activity which goes to make up the business. Furthermore, any regulatory legislation passed by Congress would ultimately have to face a test in the courts to determine if the federal government has the right to regulate life insurance.

The amendments to the social security act have been discussed and analyzed by insurance experts. Ordinarily, the liberalized annuities would have called for increased payroll taxes, but Congress

instead proceeded in the opposite direction and prevented the higher payroll taxes of the original law from going into effect in 1940. Except for the freezing of the payroll taxes for the next three years, the increased annuities probably would never have been adopted. Paradoxically enough, the bill as drafted was popular both with business concerns and adherents of higher pensions.

The increased annuities will cost the government many millions of dollars. Approximate figures as to the amount

of life insurance to the public; second, to transmit to the companies wherever possible the public's attitude and views on life insurance; and third, to meet promptly and openly any attacks or criticisms that may be unjustly directed against the business. To do this job more thoroughly than it was ever done before, the Institute of Life Insurance was organized, around which the component forces of life insurance will rally. It is essential that more people understand that life insurance is sound and that it is functioning in the interests of its millions of policyholders; and if there appears to be any practices that need revision or correction, no time should be lost in righting them.

#### National Association Aids

Carrying a large part of the burden of public and policyholder relations, the National Association of Life Underwriters is lending great impetus to the new movement. Through their state and local associations, the underwriters have a well-balanced and closely-knit organization. Their potential strength has hardly been appreciated, nor was it ever utilized to any great extent. With sound and constructive leadership, the underwriters' efforts should bring the best of results.

Forty-three state legislatures met in regular session during the year. The usual volume of proposals affecting life insurance was introduced. It is noteworthy that only a few increases in the taxes of the companies were enacted, and this happened in a year in which state treasuries were out of balance and in some cases practically depleted. The year demonstrated once more that state policy regarding life insurance has been constructive and sound.

The most important piece of legislation of the year is the new New York insurance code, which won approval in the legislature after several years of intensive study and preparation.

#### Commissioners Reconcile Differences

With an eye to uniform action, the National Association of Insurance Commissioners met at San Francisco in June, but many of the preliminary moves for harmony came to naught at the meeting. Convention examinations again held the spotlight, and after considerable debate the zone system of examinations was continued, with the understanding that the method was temporary and that further efforts to settle this widely discussed and troublesome issue would be continued.

At the recent meeting of the commissioners at Edgewater Park, Miss., a good measure of harmony prevailed, and under the able leadership of President Nelson much progress was made toward reconciling some of the differences that had perplexed the state officials for some time.

#### War Restriction Clauses

Shortly following the war declarations in Europe in September, the Canadian companies began putting war restriction clauses in their new issues, following which a number of American companies considered and introduced such clauses in their policies. A committee of the Association of Life Insurance Presidents and the American Life Convention made a study of these clauses and reported drafts of several to the life insurance committee of the commissioners, headed by Superintendent Lloyd of Ohio. The report was received by the committee, but it was felt by some who took part in the deliberations that this important

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CLARENCE C. KLOCKSIK

of this subsidy were requested by the committees, but none apparently were furnished. Some figures were offered in the closing debate in the Senate, but they were very roughly compiled.

#### Further Amendments Doubtful

On the record thus made, it is very doubtful if the present Congress can be persuaded to reopen the law to further amendment. Close observers feel that there will be another testing period of three or four years before any major amendments will be taken up. Meanwhile, the national pension groups will strive for further liberalization of the law, but the treasury can ill afford the drain of additional subsidies under existing budget conditions.

A proposal that Congress authorize the government to sell annuities on a voluntary basis up to \$100 per month was the cause of widespread speculation among insurance men, but more startling was the accompanying press release suggesting that the government might sell the annuities at rates 30 percent below those charged by private companies. Since the news release appeared, actuaries and other representatives of life insurance have effectively disproved the contention made, adding that the advantage, if any, in the cost of government annuities would be negligible. Should the proposed bill be introduced in Congress, it is not expected to receive strong support and very likely will be vigorously opposed by life insurance representatives.

#### Public Relations Program Initiated

Recognizing that sound and constructive criticism makes for a healthier institution, but asserting that unjust attacks are challenges that must be met, life insurance leaders have embarked upon an aggressive course of action. The principal objectives of this program are first, to interpret the prac-

## Eight Metropolitan Men Are Advanced

Francis M. Smith Now  
Second Vice-president—  
New Associate Actuaries

Metropolitan Life has appointed Francis M. Smith a second vice-president; Reinhard A. Hohaus, James R. Herman and Malvin E. Davis, associate actuaries; Joseph J. Clair, assistant secretary, and Frederic P. Chapman, Gilbert W. Fitzhugh and Edward A. Lew, assistant actuaries.

Mr. Smith, who, since his appointment



R. A. HOHAUS

as third vice-president in 1927, has been in charge of the home office management of the industrial department, has been in the employ of Metropolitan since 1912. Starting as a mail boy he progressed from clerk to section head in the actuarial division. At nights he studied actuarial science and was admitted to full membership in the Actuarial Society of America in 1921. In 1924 he was made an assistant actuary and three years later received his appointment as third vice-president.

### Hohaus Social Security Authority

Mr. Hohaus began as a clerk in the Metropolitan actuarial division in 1921 and, after several promotions, was appointed assistant actuary in charge of the group annuities section of the actuarial division in 1925. He is president of the American Institute of Actuaries and a recognized authority on social security and has been a member of a sub-committee of the business advisory council of the department of commerce on social security. He has had wide experience in drafting, setting up, operating and revising employee retirement plans in Great Britain and other European countries as well as in the United States and Canada. He has been a fellow of the Actuarial Society of America and the American Institute of Actuaries since 1924.

Mr. Herman served in the Metropolitan actuarial division in clerical and managerial positions from 1920 to 1927, when he was appointed assistant actuary and made assistant to R. V. Carpenter, senior actuary, in the management of the industrial actuarial division. He has been a fellow of the Actuarial Society since 1924.

### Davis with Company Since 1923

Mr. Davis, an assistant actuary since 1930, entered Metropolitan service as a clerk in the actuarial division in 1923. He served in various positions and has been in active charge of much of the work of the industrial actuarial division and has handled all insurance tax mat-

(CONTINUED ON LAST PAGE)

## Main Problem Now Before New Officer

Investment Issue Confronts  
Life Companies and It Is  
Knotty One

NEW YORK—As the new president of Mutual Life of New York, L. W. Douglas, who resigned as chancellor of McGill University, takes the position on the first of the year, he comes into an institution of age, solidity and long experience. In connection with the initiation of Mr. Douglas to the chief executive position of one of the great life companies, the main problem that will confront him will be that of investment. That is the paramount problem with all companies. Every company is seeking to ascertain by some natural or esoteric process the answer to the question: "How shall we best invest our money?" The Mutual Life is no different from other companies. All have a large amount of cash on hand and they wish it were invested in sound securities earning a reasonable amount.

### Douglas' Wide Experience

Mr. Douglas as a former federal director of budget will not have the difficulty of trying to balance the budget of the Mutual Life because it has always been balanced. A very intelligent and excellent administrator, he naturally will study the various departments of the company and will move cautiously if time shows there are to be any readjustments. President D. F. Houston saw the necessity of getting a comparatively young man at the helm, one who had the confidence of the people and who has proved his worth in every position he has held. The announcement of his election to the presidency was received with acclaim by the

## Dispel Mystery About Insurance, Teachers Advised

PHILADELPHIA—Maintaining that dispelling of the mystery with which insurance is surrounded in the mind of the general public should be one of the primary objectives of the business, A. Van Court Miller, New York, chief accountant New York "Herald-Tribune," urged that insurance courses be built with this in mind. Mr. Miller spoke at the annual meeting of the American Association of University Teachers of Insurance here.

The most important step in fostering a general public knowledge of insurance, Mr. Miller said, is a desire on the part of the insurance business for this. He said that too many people in the business recognize that insurance is complicated and either do not attempt to remedy it or even wish it to remain such. Fundamentally, the essential elements of insurance are simple and practical and the teachers in the several courses should undertake to teach them on this basis.

### Recommends Broad Training

An insurance man, whether he is a buyer or a seller of insurance or an insurance company executive, Mr. Miller said, is in a sense a specialist in the American business structure. The fields of law, medicine, engineering and re-

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Mutual Life people everywhere, realizing as they did his capacity for administration and for development.

Mr. Douglas will bring to the company an outside viewpoint which in the case of a very intelligent, successful man of good judgment is always refreshing and stimulating.

## CARRY A BASKET A General Agent's story:

"When I was a lad I loved to have a fire of glowing pine cones in our home fireplace. One day my father suggested that I go out and gather some pine cones, so that we might enjoy a fire that evening. I answered that I had been out looking under the pine trees on the lawn and had seen so few cones that I didn't think we could have enough to make a good fire.

"'Go out and look again,' father said, 'but carry a basket this time, and gather in each pine cone as you see it.' I went out with the basket and looked for cones, and was surprised at how quickly the basket was filled.

"I tell of this incident," continued the G. A., "when one of my producers complains that he cannot find enough names for his prospect list. What he needs is a basket—a notebook to carry and jot down names as he comes upon them. It doesn't do to trust to memory."

• • •

### THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLY  
Chairman of the Board

JOHN A. STEVENSON  
President

INDEPENDENCE SQUARE, PHILADELPHIA

## Elect Fordyce Head of Manhattan Life

New President Has Estab-  
lished Outstanding Produc-  
tion Record

NEW YORK—James P. Fordyce was elected president of the Manhattan Life, succeeding T. E. Lovejoy, who died recently. Mr. Fordyce joined the company in 1934 as vice-president and director of agencies. Since that time the company's annual production of business has increased fourfold and its policy forms have been entirely re-



JAMES P. FORDYCE

vamped, while mortality is now lower than it has been in many years.

Mr. Fordyce was born in 1892 at Wichita, Kans., and educated at public schools in Kansas and the state of Washington. He was with the Western Union Life, Spokane, Wash., 1911-14; New World Life as director of agencies, 1915-22; Lincoln National Life, general agent for state of Washington, 1923-29; United Pacific Life, Seattle, vice-president and agency director, 1930-31; Northern Life, Seattle, agency supervisor, 1932-33.

T. E. Lovejoy, Jr., and D. T. Kelly were elected vice-presidents. Mr. Lovejoy immediately upon graduation from Yale joined the Guaranty Company, an investment affiliate of the Guaranty Trust Company, in 1928. In 1932 he joined Manhattan Life as comptroller, later being made treasurer. He was elected a director in 1935, as was Mr. Fordyce.

Mr. Kelly was born in Watertown, N. Y., and is the senior partner of the law firm of Kelly, Hewitt & Harte. He has had a wide experience in insurance matters and in the legal and financial management of large estates. After his admission to the bar, he became a member of the firm of Conway, Williams & Kelly, later forming his own firm. He was one of the organizers of the Lumber Mutual Casualty of New York of which he has since been general counsel and a director. He has acted as independent counsel for various fire companies and also as counsel and attorney-in-fact for Lumber Underwriters.

### Crownhart Fox River Speaker

George Crownhart, secretary Wisconsin Medical Society, addressed the Fox River Valley Insurance Club on "Socialized Medicine in Europe" at the monthly meeting in Appleton, Wis. The club is composed of officers and agents of the Wisconsin National Life, Oshkosh; Equitable Reserve Association, Neenah, and Aid Association for Lutherans, Appleton.

## Investment Seminar Board Appointed

### Plan A. L. C. Financial Sec- tion Course at Indiana University in July

The governing board of regents has been selected for the Life Officers Investment Seminar, the new educational medium sponsored by the American Life Convention, which is to hold its first two weeks' course of study at Indiana University, Bloomington, Ind., next July.

#### Personnel of Board

The board consists of principal officials of the A.L.C., the educational committee of its Financial Section and representatives of Indiana University. It is made up of C. A. Craig, chairman National Life & Accident, and president A.L.C.; W. T. Grant, president Business Men's Assurance and past president A.L.C.; Harry R. Wilson, vice-president American United Life and past president A.L.C.; Julian Price, president Jefferson Standard Life; L. D. Cavanaugh, president Federal Life; W. C. Schuppel, executive vice-president Oregon Mutual Life; A. J. McAndless, president Lincoln National Life; Alex Cunningham, vice-president and treasurer Western Life, and past chairman Financial Section, prime mover in founding the seminar; Grant Torrance, treasurer Business Men's Assurance; Paul E. Fisher, treasurer Indianapolis Life; C. F. Nettleship, Jr., assistant secretary, Colonial Life; W. N. Boyden, vice-president and treasurer Continental Assurance; D. F. Roberts, treasurer Acacia Mutual; F. J. Travers, second vice-president Lincoln National Life; E. B. Raub, Jr., general counsel and financial officer Lafayette Life; Dr.

H. B. Wells, president Indiana University; Dr. A. M. Weimer, dean of Indiana University business school; Dr. H. C. Sauvain, professor of finance Indiana University, and Colonel C. B. Robbins, manager and general counsel A.L.C.

#### Name Executive Committee

Supervision of details has been delegated to an executive committee of the board, including President Craig, Colonel Robbins, and Messrs. Nettleship, Cavanaugh, Cunningham, Roberts, Travers and Raub.

Final plans for the seminar were announced at Bloomington this week. This will be an advanced course of study of investing, which is expected to draw many investment officers and other executives of United States and Canadian life companies.

Dr. Sauvain will be director of the seminar and Colonel Robbins, associate director. The course will be sponsored jointly by the A.L.C. and the university's school of business. The first session will be something of an experiment, although Dr. Sauvain said it is contemplated to hold the seminar annually and provide an integrated program of study leading to graduation with a diploma upon successful completion of three years of work.

#### Zimmerman in South in January

Charles J. Zimmerman, Connecticut Mutual, Chicago, president National Association of Life Underwriters, will address 10 associations on a southern trip during January that will carry him from Florida to Texas.

His January schedule is:

Jan. 5, Columbus, O.; 12-13, Florida state at Miami; 22, Jacksonville; 23, South Carolina state at Columbia; 24, Georgia state at Atlanta; 25, Alabama state at Birmingham; 26, New Orleans; 30, Houston; 31, San Antonio; Feb. 1, Dallas.

## TNEC Members Admit Aims: Zimmerman Accepts Battle

(CONTINUED FROM PAGE 1)

solved by the A. P. release dated Dec. 27 and coming out of Washington, in which it is stated that members of the federal monopoly committee disclosed that they have been considering informally several possible methods for government regulation of life insurance companies.

"Who are these members who have sent up this trial balloon?"

"Does this represent the opinion of the SEC committee which has been conducting this study for the TNEC?"

"Is it an effort by this minority group to influence the conclusions of the members of Congress who are on the TNEC committee?"

"Is it an effort to influence and perhaps mislead public opinion?"

"The statement is made that proponents of federal control contend that life insurance companies are engaged in many respects in the same business as banks, yet are permitted much greater freedom of operation.

"There is as much difference between the functions of banks and the functions of life insurance companies as there is between day and night. The function of life insurance is to enable men to create protection for their own retirement benefit if they live, and for the benefit of their dependents if they do not live. The principle on which life insurance rests is a principle of indemnification. Banks do not have this function, nor does banking rest on this principle.

"Furthermore, is it un-American to be permitted much greater freedom of operation, provided this freedom of operation has been in the public interest. Perhaps it is necessary once more to remind government that this nation, enjoying the highest standard of living of any nation in the world, was built on the democratic principles of free private enterprise, and that our concept of personal freedom is

based on representative democracy, civil liberties and free private enterprise.

"One of the three suggestions advanced by the undisclosed members of the committee is the establishment of an even more comprehensive control system patterned after the federal reserve system for banks.

"Does the government maintain that the record of banks under the federal reserve system has compared favorably to the record of life insurance companies under state supervision?"

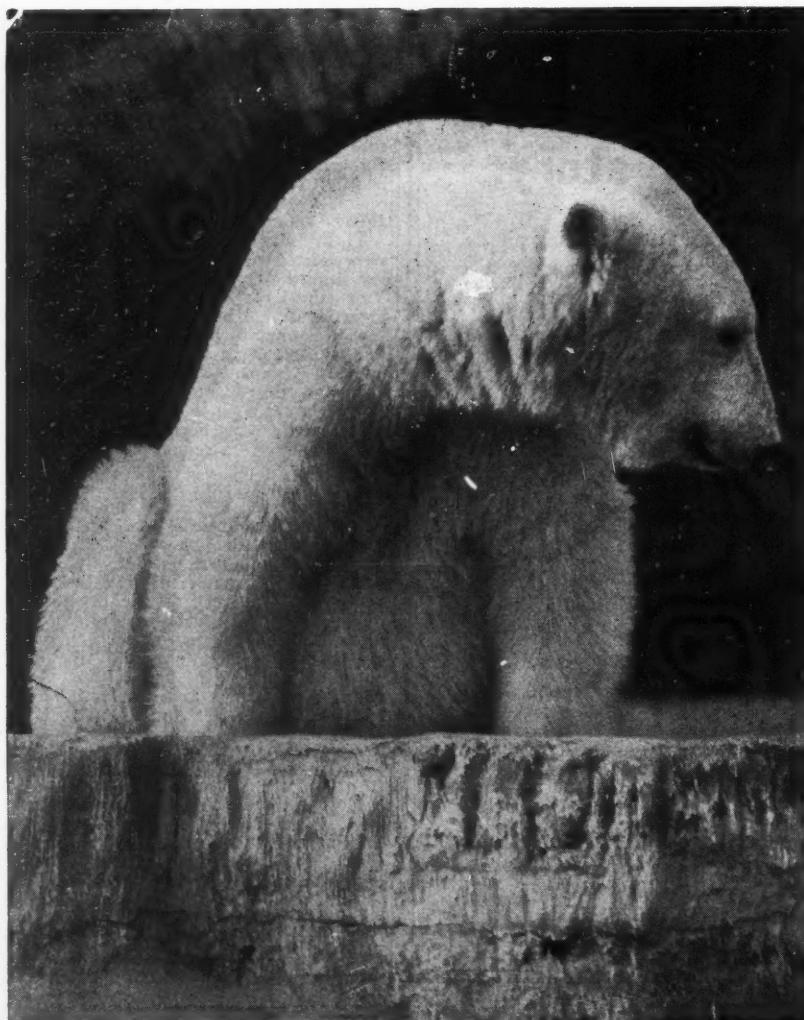
"If so, we suggest a study of the comparative records, particularly during the past decade."

"Again, the National Association of Life Underwriters states that it welcomes constructive criticisms and suggestions from whatever source they may emanate. We offer to cooperate fully with the government in any effort which will still further strengthen the soundest financial institution in the world."

"But we shall examine the general suggestions which have now been made for the first time by members of the monopoly committee as to the general purposes of this committee, as well as any further suggestions which undoubtedly are still to come, with a critical eye. If there is in such suggestions the slightest implication of federal control of the 27 billions of assets which belong to these 65 million policyholders, then we must unalterably oppose and fight to the end against any such move, for these policyholder funds must continue always to be held aloof from political control and experimentation."

#### PLANS FOR FUTURE HEARINGS

It is expected that the last two weeks in January the TNEC will hear the results of the SEC's investment survey of life company operations. Private placements will be covered but the hearings will be much broader than merely that phase. Shortly after the first of the year the SEC will probably release the results of the answers to the voluminous investment questionnaires sent to the companies.



# Millions of Years

of evolution have given him  
the ability to live comfortably  
amid the violence of an arctic  
climate.

Through the development  
of life insurance, man has  
been given a means of protec-  
tion against the severity of  
economic crises.

◆ ◆ ◆

**GIRARD LIFE**

INSURANCE COMPANY OF PHILADELPHIA

Opposite Independence Hall

## Attempt to Promote Federal Supervision Viewed by Pink

NEW YORK—It is the general belief that an attempt is being made to publicize the evil and say little about the good, in order to create distrust and pave the way for federal supervision of some kind, Superintendent Pink of New York stated in discussing the investigation of the Temporary National Economic Committee at Washington, in a talk before the Young Men's Board of Trade here.

Thorough and constructive study of a great industry may be of very real help to the institution itself as well as to the public, Mr. Pink said. "The larger the institution, the more the tendency to be conservative, to go along in certain directions from year to year without adequate thought of changing times and better methods. Changes have already been made as a result of the hearings in Washington and we expect to learn and profit from the report of the committee."

Unfortunately little cooperation has been asked for by the TNEC, either from supervising authorities or insurance companies other than the filling out of voluntary questionnaires. "While I would not for a moment question the good faith of the members of the committee rightly or wrongly, most unfortunately for the ultimate benefits to be derived from the investigation, the opinion is general that some of the staff do not come to the problem with an open and unprejudiced mind."

### Must Justify Existence

State supervision of insurance can be retained only if it merits the trust, the confidence and the respect of the public. State supervision may be somewhat cumbersome but it has been developed and perfected through a period of some 80 years. It is constantly being tried and tested and made better. Under it insurance has grown and thrived as has perhaps no other financial institution. It has weathered the depression far better than the federal controlled national banks and railroads. It has continued to pay and function and pour out millions of dollars at a time when money was not available elsewhere and has saved the government even larger expenditures for relief.

It is not merely a question as to whether state and federal supervision is more efficient, it goes deeper than that, Mr. Pink declared. "When we look abroad we can but hesitate to unnecessarily increase the already stupendous powers of centralized government. We require a strong central government, but it must not enlarge its powers, already great, by depriving the sovereign people or the sovereign states of those rights and privileges essential to the full enjoyment of our democratic institutions."

Mr. Pink set forth his theory of government by saying that he would leave everything to private enterprise which private enterprise could do efficiently. He would give the states only such things which people cannot adequately carry on themselves and to the nation only those things which the states are not equipped to do efficiently.

In tracing the trend of state supervision, Mr. Pink told of the development of New York insurance department and its supervision of almost 850 companies doing business in the state. The state receives approximately \$17,000,000 a year in premiums, taxes, fees and other charges from the companies and only 6 percent is spent on supervision. The New York department has approximately 125 examiners to check insurance company operations. Activities of 18,000 brokers and 60,000 agents in the state are supervised.

### Form Buffalo Speaker Group

BUFFALO—Appointment of a speakers group, from which men will be

drawn to address meetings of Buffalo civic organizations on life insurance, was announced by the joint public relations committee of the Buffalo Life Managers and Buffalo Life Underwriters Associations. These speakers will offer their services to clubs and other groups to create a better public understanding of the institution of life insurance.

Among the speakers are: H. W. Keitzel, Home Life; Sidney Wertimer, manager Prudential; J. W. DeForrest, general agent Aetna Life; J. E. Bright, broker; R. C. Wonderlic, Mutual Life of New York, and C. B. Metzger, manager

Equitable Society and president of the Buffalo Life Managers Association.

### TNEC Should Give Data to State Officials: Yetka

ST. PAUL—As he left for a three weeks' vacation in Arizona, Commissioner Yetka of Minnesota fired another volley at the TNEC for not turning over to state insurance authorities for action the data it has assembled at its hearings involving insurance practices. His position is that if the TNEC is unearthing facts about insurance companies that need correction, it is the duty of the

committee to submit these facts to the state supervising authorities.

Mr. Yetka and his family started on a motor trip to Arizona where the commissioner hopes the desert sunshine will improve his health.

### Aetna Has Little Rock Rally

The Gordon H. Campbell agency of the Aetna Life held a one-day agency meeting in Little Rock. Principal speaker was E. H. Snow, field supervisor. L. E. Throgmorton, associate general agent, Shreveport, La., spoke at the luncheon.

# New ILLUSTRATED LETTERHEAD PORTFOLIO

HERE'S a portfolio full of new illustrated letterheads and life insurance sales letters packed with real selling ideas. It will help you write letters that attract attention, turn door-knobs and build prestige for you before you call.

It will help you follow up your interviews with emphatic, concise evidence that will close a higher percentage of your cases.

And it's yours for only a dollar, cash or check, sent to The Rough Notes Company with the coupon below.

#### A Dollar's Worth of Ideas

After looking through the PICTORIAL LETTERHEAD Portfolio, a successful life underwriter pulled out a dollar bill and said, "I can't afford to turn down any opportunities to get worthwhile selling ideas for a dollar. It's my business to study all of them that can help me sell life insurance. The sample letters alone are worth the money."

#### Three Aids to Good Letter Results

The new PICTORIAL LETTERHEAD Portfolio contains three distinct aids to get good results from letters:

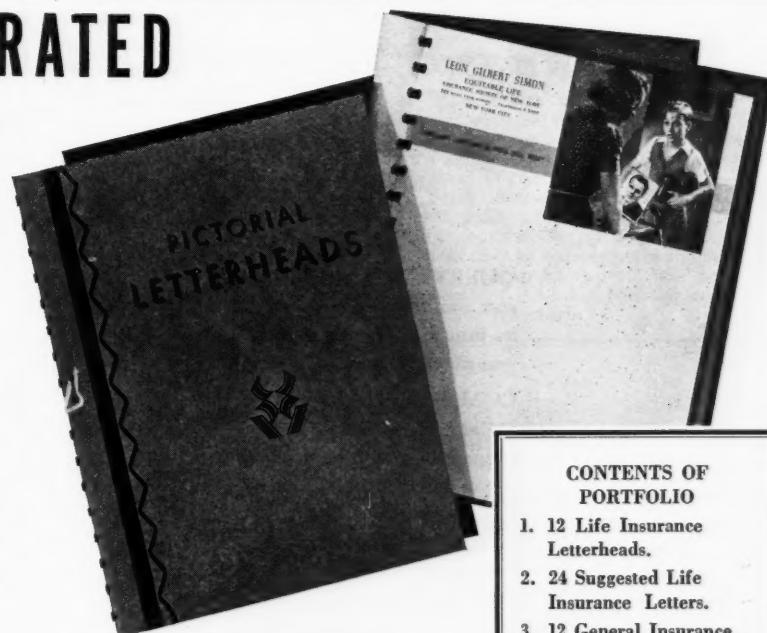
1. *Samples of 12 New PICTORIAL LETTERHEADS.* Each letterhead has one photograph at the top to illustrate, dramatize and add motivation to the whole theme of the written letter. To the upper left in the heading is shown how your name, company, address and telephone number will be printed on the letterheads you select for your own use. These letterheads are beautifully printed on good bond paper.

The reflect the prestige which comes from distinctive, individual stationery. They carry a pictorial message for each type of prospect, and one that fits each letter written. They emphasize the human values of life insurance, as well as the contract values.

2. *Twenty-four suggested letters*, chosen for their effectiveness and proven worth. Letters which emphasize important life insurance needs:

Cleanup Fund	Retirement Income
Conservation	Juvenile Insurance
Monthly Income	Change of Age
Salary Continuance	Educational
Mortgage Insurance	Insurance
Followup After Turndown	Insurance for Women

These suggested letters save you time and thought in preparing good sales letters. They may be used exactly as given, or merely the general idea may be fol-



#### CONTENTS OF PORTFOLIO

1. 12 Life Insurance Letterheads.
2. 24 Suggested Life Insurance Letters.
3. 12 General Insurance Letterheads.
4. 24 Suggested General Insurance Letters.
5. "How to Write Letters That Sell Insurance."

Price \$1.00  
(On approval)

lowed with whatever changes seem desirable.

The form letters are NOT typed or printed on the letterhead. We will furnish your individual letterheads with only your heading and the illustration. The letter itself can then be typed or processed by you.

3. *"How to Write Letters That Sell Insurance."* A brief, complete outline of insurance sales letter writing. Takes apart successful sales letters and shows just why they were effective. Sets out simple rules of good sales letter writing which will greatly increase your results.

#### How to Use the New PICTORIAL LETTERHEADS and Portfolio

1. Try this for one month. Each morning have your secretary send out five letters, on Pictorial Letterheads printed for you, to names selected from a general list. The suggested letters in the Portfolio, with appropriate changes, can be used to save time in preparing these letters. Have her give you the names, and use them for day after tomorrow's prospect list.

2. When you come in from each day's selling, select one Pictorial Letterhead and sales letter that fits each prospect you interviewed.

Did some say, "I can't afford it?" There's a letter to fit them. Did others give you a flat turn-down? There's a letter to make them reconsider.

Dictate your own letter, or the necessary changes in the one selected, and follow up your interviews with a written reminder of this kind. Just a few minutes spent in this way each day and you'll find all your follow-up interviews are getting off to a much more favorable start.

#### Valuable As Company Letterheads

Companies find it particularly valuable to have letterheads printed with their name for distribution to their agents.

These help the agent get results with his letters—a life insurance idea all prospects can understand is right on the heading. On campaign or conservation letters, Pictorial Letterheads save money when used in place of enclosures.

#### Well Worth the Money

Even if you never order the Pictorial Letterheads themselves, the suggested letter forms and "How to Write Letters" alone are well worth one dollar. If they help you close only one case, if they gain for you just one more favorable interview you'll profit by the investment. Order the Portfolio under our special "No-Risk" offer outlined on the coupon below.

Pictorial Division, RP	\$1
The Rough Notes Co., Inc.	
222 East Ohio Street	
Indianapolis, Indiana	
Gentlemen:	
Here's my dollar bill (or check). Send me the new PICTORIAL LETTERHEAD Portfolio. I understand that if I'm not entirely satisfied, I can return the Portfolio and receive my money back. If I later decide to buy PICTORIAL LETTERHEADS, the dollar is to be credited on my order.	
NAME .....	
COMPANY & TITLE .....	
Address .....	
City..... State.....	

## QUIZ A D N O. 5

**QUERY:** What life insurance company has increased its insurance in force every year since organization?

**COMMENT:** Many companies have increased assets regularly. Some have made steady increases in surplus. But very few have increased insurance in force each and every year of operation. A liberal agent's contract, a hard-hitting agency department, a modern line of policy forms . . . these are factors that enable Continental Assurance to enjoy this enviable distinction.

*Continental*  
ASSURANCE COMPANY  
CHICAGO, ILLINOIS

*Affiliated with*

CONTINENTAL CASUALTY COMPANY  
TRANSPORTATION INSURANCE COMPANY

## Policy No. 3,000,000 Issued

**L. J. Loenthal, II, Buys Contract, Bringing Family Total to \$26,200,000 Business Sold, \$835,000 Bought**

The Northwestern Mutual Life reached another milestone in its 82-year old history when Policy No. 3,000,000 was issued on the life of Lee J. Loenthal, II, Chicago, a third generation of policyholders and agents. The occasion was marked by the personal presenta-



**L. J. Loenthal, II**

tion of the policy contract to Mr. Loenthal by President M. J. Cleary in the presence of other executives at the home office in Milwaukee.

Policy No. 1 for \$5,000 was issued on Nov. 25, 1858, on the life of Gen. John C. Johnson, founder of the company at Janesville, Wis. just four years before the outbreak of the Civil War. Incorporated in 1857, the company began business the following year after fulfilling charter requirements. During the first year the business totaled \$555.



**L. J. Loenthal**



**Lee J. Loenthal, I**

200, which is much less than a normal day's business now. The home office has been located in Milwaukee since 1859.

By November 25, 1938, the 80th anniversary of issuing its first policy, the Northwestern Mutual had issued 2,918,000 policies for an aggregate volume of \$10,428,242,525. When Policy No. 3,000,000 was issued this week, the gross volume of all policies issued since the company started reached \$10,721,595,089.

In keeping with its traditional reputation as a "career" company, it is significant that the three-millionth policy contract issued by the Northwestern Mutual was purchased by a member of the third generation of a family of Northwestern policyholders and agents.

### Rules Against Banking Company

LINCOLN, NEB.—Director Smrha has ruled that any provision in an installment loan contract for the payment of a death benefit under certain conditions is insurance and its sale by any other than an insurance company is banned. The ruling was asked for by an installment banking company that is offering a contract which provides that in addition to repayment of the sum borrowed with interest in installments, the loan will be extinguished on proof of death, from funds set up by the com-

Lee J. Loenthal, II, is a special agent with the Hobart & Oates general agency in Chicago. He is one of nine members of the Loenthal family who are or have been under contract with the company since the late L. J. Loenthal signed the first contract with the Northwestern Mutual on Oct. 1, 1889, in Nashville, Tenn. During his first year L. J. Loenthal wrote \$423,000 of life insurance in the Northwestern Mutual, and in the five and one-third years before his death in 1895, his production totaled \$1,103,000, a remarkable record for that earlier period.

Three sons, Lee J., I; Charles B. H., and Martin S., followed L. J.'s footsteps to become the second generation of Northwestern Mutual agents, as did a son-in-law, Robert Westfield, all of Nashville. Representing the third generation of Loenthals as Northwestern Mutual agents are Lee J. II, and William G., of Chicago, sons of the late William G. Loenthal and grandsons of the original member; and Samuel C.,



**C. B. H. Loenthal**



**M. S. Loenthal**

son, and Lenore, daughter, children of Charles B. H. Loenthal of Nashville.

The Northwestern Mutual prides itself on the number of family records showing several generations of successful producers in its agency force. The unusual record of three generations of Loenthals as to Northwestern Mutual careers shows over 100 years of aggregate agency service by the various members of that family. Furthermore, the aggregate production of those members approximates more than \$26,200,000, a tribute to aggressive selling methods



**S. C. Loenthal**



**W. G. Loenthal**

and excellent service. Another interesting angle, which proves the Loenthals practice what they preach, is that 22 members of the family, of which two have died, have owned nearly \$835,000 of Northwestern Mutual insurance.

pany for that purpose as a contingency reserve. Mr. Smrha holds that this constitutes a death benefit, and hence makes the agreement an insurance contract.

### Union Mutual Advisers Meet

The annual meeting of the managers advisory committee of the Union Mutual Life was held at the home office in Portland, Me. The committee this year is composed of: J. J. Letts, Buffalo, chairman; J. O. Bogardus, Boston; C. N. Cutter, Nashua, and Wesley H. Becker, St. Louis.

## Pension Group Will Check Federal Ownership Efforts

PHILADELPHIA — Opposition of the growing pension age group will be a formidable deterrent to extensive federal control or ownership of insurance, Prof. F. G. Dickinson, department of Economics University of Illinois, told the American Association of University Insurance Teachers.

Assuming that pressure for federal control would be intensified during 1940 and thereafter, Professor Dickinson said: "I shall say quite frankly that I do not expect the federal government to enter the life insurance business nearly as much as may some of the people present.

### Will Become More Age Conscious

"Our nation will become more age conscious and less class conscious. The pension group will increasingly dominate our political parties and it will not want huge reserve liabilities such as were provided for in the social security act of 1935 before it was amended.

"If the pension group opposes reserve accumulations for pensions it will also oppose putting the postoffice in the legal reserve life insurance business. Amendments to the social security act of 1935 seem to indicate a trend toward Townsendism or large pensions paid out of revenues derived from current taxes paid by the great majority of the citizens.

"It had been stated that one of the purposes of the TNEC investigation of life insurance was to prepare the public for organizing mutual savings banks and putting these banks into the legal reserve life insurance business with the hope of decentralizing and keeping at home the large funds now concentrated in the hands of a few large eastern life insurance companies. If the TNEC's purpose was to pave the way for this, that committee has failed miserably to consider the geographic obstacle to its propaganda."

### For State Control

In touching on state vs. federal control of insurance, Professor Dickinson continued: "We have been permitted to buy our insurance from any company licensed in our home state no matter where that company was domiciled. We have cast the most powerful straw

### Pays for \$560,000 in November, Leads Company

G. N. Bearden, with the Hays & Bradstreet agency of the New England Mutual Life in Los Angeles, qualified for the Million Dollar Round Table by paying for \$560,000 on 23 lives in



G. N. Bearden

November. He led all the company's agents in November in the tenth anniversary "Tribute Month" in honor of President George Willard Smith and will represent the entire field force in presenting a memorial to Mr. Smith in Boston in January.

Mr. Bearden is a Georgian by birth. He moved to southern California in 1933, engaging in the general insurance business. He entered life insurance in 1937 with Hays & Bradstreet. He has just been married to Miss Neale Martin of Pine Bluff, Ark.

Hays & Bradstreet led the entire country in submitted business for "Tribute Month," standing second for November in paid-for business and third for the year to date.

vote—the payment of premium—for the better kind of insurance regulations control and management prevailing in the eastern states by our patronage of those companies.

"Under federal control we would have had a chance to vote for the kind of control we wanted only through the process of helping to elect Congressmen and Presidents, who promise better federal regulation.

"State regulation has given us the right to vote twice, once for state assemblymen and governors who promise to improve our insurance laws and again through our premiums paid to well managed companies domiciled in states with strong insurance laws and non-political insurance commissioners. Such are the blessings of state control of the insurance business. State regulation has been better in the creditor states of the east than in the younger and debtor states of the west. I firmly believe that it would prove superior to control by Congress because many Congressmen represent debtor states."

### Federal Control Pressure to Continue

Professor Dickinson assumed that the pressure for federal regulation would go on even though pressure for government ownership would be checkmated by the pressure of the pension group.

The pressure for federal control and regulation may become very great in the near future as the broad construction placed on the interstate commerce clause of the constitution by the United States Supreme Court has already conferred upon Congress the power to establish federal workmen's compensation laws covering all workers engaged in interstate commerce, and apparently all workers engaged in manufacturing products ultimately destined for interstate commerce.

Therefore it seems that the way is open for federal control of the compensation business.

Professor Dickinson predicted that the present two-party system which has come safely through many crises in the past may not possibly survive the struggle between generations.

### Aged to Rule

"The 'ins' will pay the smallest possible pension and the 'outs' will promise the sky to our senior citizens. Gradually during the 1940s and '50s, both parties will be pulverized by the pension steamroller if the doctrine of individual irresponsibility, or, if you please, the doctrine of social responsibility continues to be the prevailing political philosophy of the American people. The hand that rocks the rocking chair will rule our nation."

Professor Dickinson, who is an authority on population growths, stated that four trends have affected insurance during the decade now ending and will condition the insurance business, and indeed all business in the 1940s and following decades. They are:

1. Our population is aging rapidly and is growing too slowly to be maintained.
2. Increasingly, our wealth is in our homes and not in our factories.
3. The third long half-century economic cycle or wave may have hit bottom during the 1930s; if not, it should hit bottom in the 1940s; the present war in Europe may terminate in that cycle ahead of schedule.
4. Government control over business is approaching its peak, except for war contingencies—if that peak has not been passed already.

### Population Growth Slowing Down

The population of the United States once doubled every quarter century. Now despite the ideal health record for the past few years it is expanding only at a snail's pace, and foreshadows popu-

lation decrease in this country of one-tenth in the next generation.

Practically two-thirds of the 20 odd million increase in the next four decades will be in the group of retired citizens. Retired persons will then number one out of every six instead of one out of every 16 as at present. There will be on the average two children, one retired person and three adults at the bread-winning ages.

This will have a pronounced effect on the insurance business. The rapid aging of the population will further increase the demand for annuities, the demand for insurance policies providing for death benefits may actually be increased, other factors remaining unchanged.

### Must Use Care

Life companies have rarely found annuities profitable. Mutual life insurance companies which are consumer cooperatives must make sure that an increase in life expectancy of annuitants will not endanger the solvency of their annuity departments.

It is quite possible that life insurance companies in the future will be of two types, those that specialize in death benefits and small cash and loan values, and those that specialize in annuities. The hope of receiving a pension from the United States Treasury when one retires may greatly reduce the demand

for life insurance policies with large investment elements, large cash and loan values. On the other hand, many citizens in all income classes may not wish to rely solely upon a politician's promise to pay pensions in this era of mounting governmental debts.

G. Wright Hoffman, professor of insurance and marketing University of Pennsylvania, criticised Professor Dickinson's paper as lacking adequate data to support his conclusions. Conclusions contrary to each of the speaker's could be reached with data equally convincing as those given, Dr. Hoffman declared, proceeding to illustrate his point by specific examples.

### State Mutual Issues Policy 500,000, B. W. Ayres Gets It

State Mutual Life has just issued policy number 500,000 on the life of General Agent Benjamin W. Ayres of Worcester, the home office city, who has long had his bid in for it.

State Mutual wrote policy 100,000 in 1907, policy 200,000 in 1919 and 20 years later touched the half million mark. Mr. Ayres says he has bespoken the millionth policy, which he expects will be issued before the time his 65th birthday puts it out of his reach.



## PROGRESSIVE

Progress is measured by the ability to foresee the conditions of tomorrow, and, more important, by the ability to be prepared in advance to meet the conditions of tomorrow.

The Franklin is not omniscient, but its management does undertake to keep ahead of the procession—to foresee every development that can be anticipated by informed, alert, active and courageous life insurance leadership.

Agents' interests are protected and advanced by the type of leadership The Franklin offers.

*Fifty-Six Years of Distinguished Service*

## THE FRANKLIN LIFE INSURANCE COMPANY

*Home Office Springfield, Illinois*

**CHAS. E. BECKER, President**

**Over \$175,000,000 Insurance in Force**

## Plan Northwestern Eastern Regional Meeting Program

Plans have been completed for the program of the 25th annual eastern regional meeting of the Northwestern Mutual Life in the New England, middle and south Atlantic states at the Waldorf-Astoria in New York City Jan. 4-5. Chairmen of general sessions will be Howard D. Goldman, Richmond, Va., Clifford L. McMillen, New York City, and Hugh O'Neill, Jersey City. Stanley Trotman, New Haven, will preside at the friendship luncheon Thursday. Edmund Fitzgerald, vice-president, will be toastmaster at the dinner dance. At the luncheon conference Friday with Vaughn D. Griffin, Manchester, N. H., chairman, the group will hear the annual message of President M. J. Cleary.

Special group meetings will include the C.L.U. members in the zone with Ben Griffith, Brooklyn, chairman, and the district agents' regional section at which William B. Arnold, Williamsport, Pa., will preside.

The convention will be opened Thursday morning by Russell L. Law, Baltimore, program chairman, who will speak on "We Look Ahead." The keynote address, "Getting the Jump on 1940," will be made by Grant L. Hill, director of agencies. A play written by Laflin Jones, home office agency assistant, entitled "The Evolution of An Agent," will be presented by members of the Rowley & Talbot agency, Newark, headed by W. A. Stedman. Paul Castner, New Canaan, Conn., will address the luncheon.

### Leader Will Speak

Edwin Lillis, Erie, Pa., will open the afternoon session. Mr. Lillis won the coveted "AA" prize for leading the entire field force of the Northwestern Mu-

tual in the volume of paid-for business in the last agent's year. The quiz contest between the New York Giants vs. the Eastern All-Stars on questions relating to "How Well Do You Know Your Northwestern," with Jack Stapleton, Brooklyn, as master of ceremonies, will follow. The final speaker will be Prof. Laurence J. Ackerman, Newark University, on "A New Approach to an Old Problem." He will be assisted by Kenneth G. Allen, New York City agent.

In "Ten Men Tell" at Friday morning's session, three minute talks will be presented on timely, proven prospecting and sales ideas. Participants are Leslie Stewart, Utica, "Why A Quota;" Hugo Hurrebrink, Baltimore, "Finding Prospects;" Wilbur Pratt, Hartford, "Long Range Prospecting;" Charles Rosch, Baltimore, "The Fact Finding Interview;" John W. Brooks, Syracuse, "Educational Insurance;" F. A. Cowan, Brooklyn, "Readjustment Income;" A. M. Otterbourg, New York City, "Competition;" S. A. Borchardt, New York City, "Conservation;" E. D. Haseltine, Jr., Bradford, Mass., "The Approach of 1940;" and Harry W. Renner, Newark, "The Wife Objects."

Dr. Perry Rohrer, Chicago, clinical psychologist and life insurance consultant, will speak on qualities that make for a successful salesman, and John Binns, of Newark, will close with an address on "Substantially Equipped."

## Huttinger Sizes Up the Bailey Case

E. Paul Huttinger, agency secretary of Penn Mutual, has prepared this analysis of the famous Bailey case in the light of the decision of the U. S. court of claims upon reconsideration:

"Last May the United States court of claims handed down a very disturbing decision that insurance in excess of \$40,000 is subject to federal estate tax even where there has been a transfer of the incidents of ownership. The facts were that between 1925 and 1929 the decedent had bought several insurance policies for a considerable amount, and on July 20, 1932, these were assigned to his wife, who was designated beneficiary thereunder, and upon her death to the insured's son. The court decided that the proceeds were taxable because the insured continued to pay the premiums after the assignment had been executed.

"The executors of the Bailey estate filed a motion for a new trial and the court admitted additional evidence. This evidence revealed that the insured's wife paid all the premiums subsequent to the assignment. Thereupon the court of claims reconsidered its own decision and held the proceeds exempt, entitling the executors to recover the tax paid with interest.

"While this new decision affords considerable relief, it still leaves a measure of open doubt. The court changed its mind and exempted the insurance when it discovered that the assignee paid the premiums. So far, so good; but it is not enough to settle the larger question. The accepted view is that a transfer of incidents of ownership renders the insurance exempt even though the insured continues to pay the premiums. Of course premiums so paid may be subject to gift tax, but the insurance at death is considered exempt from estate tax irrespective of the amount, and whenever taken out. Consequently, although this original decision has been partly corrected the principle still remains to be affirmed. I still believe that this irregularity will be corrected and that there is no cause for alarm. The accepted view of this specific question above referred to eventually will be approved by the revenue bureau."

A. J. Crunelle, with the Metropolitan Life 25 years, was tendered a testimonial dinner at Bellaire, O. Theodore Hansen, superintendent at Bellaire, was toastmaster.

## Superiority of State Supervision Is Demonstrated

A brochure attesting to the efficiency of state supervision of life insurance has been issued by the American Life Convention, its title setting forth its conclusion: "Life Insurance should be supervised, regulated and governed by law in the states." The material is in answer to the drive for federal control launched in Washington at the TNEC hearings.

Facts pertinent to the issues raised by the advocates of federal control are analyzed. It is pointed out that life insurance is the result of constant effort through individual initiative and that the 65,000,000 policyholders are the real owners of the American life insurance institution.

The confidence of the American public in life insurance is demonstrated by the fact that although America has only 7 percent of the world's population, its people own two-thirds of all the life insurance in existence. It is stated that this growth is possible only because of the confidence of the people, who, through personal experience and otherwise, have come to realize that life insurance under state supervision and control provides the greatest measure of safety.

The remarkable record of life insurance in the panics of 1857, 1873, 1893 and 1907, the world depression of 1929-1936, the recession of 1937-1938, the influenza epidemic of 1917-1918 and in other national emergencies has been accepted by the men and women of America as positive proof of its strength and efficiency and of the ability and integrity of the executives and agents of life insurance companies generally.

The brochure details the many advantages of state supervision, the disadvantages in transfer of control and also the disadvantages of federal supervision. It reminds also that the U. S. Supreme Court has repeatedly ruled that insurance is not commerce and hence it is not a proper subject for federal regulation.

It concludes that the life insurance business is being conducted economically and with a degree of financial honor and integrity and unsurpassed by any other financial institution. It has grown and prospered under state supervision until it has become the greatest financial institution in the United States, and has grown only because the people have confidence in it. Federal supervision at best would be an illogical and probably an unconstitutional arrogation of power to the detriment of state sovereignty and states rights, it says.

### E. S. Churchill Joins Dorr

HARTFORD—E. S. Churchill, a leading producer for Phoenix Mutual and most recently for Home Life of New York, has been appointed special agency assistant in the G. B. Dorr agency of Northwestern Mutual, which has offices in Hartford, New Haven, Bridgeport, Stamford, Waterbury, and other cities. Mr. Churchill entered the home office agency of Phoenix Mutual after his graduation from Wesleyan University in 1928, becoming leading Connecticut agent for four out of his last six years' affiliation with that company. In 1938 he joined Home Life as production manager at Hartford, becoming the company's leading producer for the state.

Mr. Churchill has specialized in estate planning work and his new association makes his estate planning and estate analysis service available to the Northwestern Mutual agency organization throughout the state.

He was the first agent in Connecticut to pass the C.L.U. examinations. Mr. Churchill became first president of the Hartford chapter in 1935.



## MAKE THIS RESOLUTION

As a salesman of life insurance, you know the importance of protection and are capable of suggesting the type of policy most desirable for a particular prospect.

The knowledge can be more valuable to him than to you.

Resolve to tell him. Consider this a responsibility you owe to him and his dependents.



**The Prudential**  
Insurance Company of America  
Home Office, NEWARK, N. J.

## **Stewart Anderson's Aid Is Named Editor**

Penn Mutual Life has named Carroll Frey as editor. He has been with Penn Mutual 27 years, and during the past 16 years was an assistant to Stewart Anderson, working with him on the "News Letter," company literature, and trade journal advertising. He also is editor of the magazine for home office employees, "Comradeship."

He is a graduate of Girard College of Philadelphia, and was long editor of the Girard Alumni magazine. He is the author of two books, "The Independence Square Neighborhood" and "The Mencken Bibliography."

He is also a pictorial photographer, and has had photographs exhibited by some 30 international photographic salons in North America, Europe, and Asia, including four world fairs. He has served on the juries of national and international exhibitions of photography. In addition to this, he has contributed many articles on art photography and Philadelphia history for various magazines and newspapers.



Carroll Frey

## **American Investors Union Is Newest of the Undefined**

NEW YORK—With Elias A. Gilbert, co-author of the one-time best seller, "Life Insurance: a Legalized Racket," as its insurance adviser, a non-profit organization has been organized under the designation "American Investors' Union" to advise consumers on their investment and insurance problems.

Chief organizer and executive director is Bernard J. Reis, C.P.A., treasurer of Consumers Union and author of a book published a few years ago called "False Security: The Betrayal of the American Investor."

E. A. Gilbert has no business connection with the Gilbert & Sullivan organization of insurance advisers, which is run by David Gilbert. E. A. Gilbert has for several years been the official insurance consultant of Consumers Union. While his regular rate for advice is \$2 per \$1,000 of insurance, with a minimum fee of \$10, the Consumers Union members got a special rate of \$1.25 per \$1,000, with a \$5 minimum fee. It is expected that the American Investors Union members will get the same special price.

### **Calls Gilbert "Termite"**

The A.I.U., as its staff terms it, was formed to supply unbiased information which according to the announcement is now unavailable to the investor. The new organization apparently has its eyes open in teaming up with Mr. Gilbert. Inquiry at its headquarters as to whether Mr. Gilbert were still an apostle of term insurance brought the reply, "Oh yes, he's a termite."

Sponsors and directors of American Investors Union are mostly writers and college professors. Included among the directors are John T. Flynn, well known financial writer; Dr. Robert Lynd, professor of sociology at Columbia university and co-author of the "Middletown" social study books; George Seldes, author; Dr. John Bauer, public utilities consultant to municipal power plants; Prof. R. A. Brady, of the University of California; Paul J. Kern, civil service commissioner, New York City; R. K. Straus, member New York city council; and Colston E. Warne, professor of economics at Amherst College.

Among the sponsors is Abraham Epstein, executive secretary American Association for Social Security and author of "The Insurance Racket," one of the

first muckraking articles on life insurance spawned by the depression, which appeared in the old "American Mercury." Another sponsor is Freda Kirchway, one of the editors of the "Nation," which ran a number of articles sharply critical of life insurance, including the articles by Mort and E. A. Gilbert which formed the basis for their "legalized racket" book.

Both the "Nation" and the "New Republic" have given considerable publicity to the new venture.

## **Seven Millionaires in One Agency, Lustgarten Record**

The Sam Lustgarten agency of Equitable Society in Chicago is closing its biggest year, with approximately \$17,250,000 of paid ordinary business and \$1,250,000 of group insurance. In addition, it appears likely the office will qualify seven "millionaires" including Mr. Lustgarten, himself. For 10 months, he had paid for \$936,000, and the business of the last two months of the year will easily take him over the million mark.

John Morrell and Louis Behr have gone well over the \$2,000,000 mark in the Equitable alone. Mr. Morrell's 1939 paid figure will be close to \$2,750,000, with an extra \$750,000 in surplus lines placed in other companies. Mr. Behr will pay

for about \$2,250,000 in the Equitable and \$500,000 outside.

Harry Steiner is third with about \$1,700,000, Mr. Lustgarten fourth, M. L. Allen fifth, having paid for \$865,000 in 10 months; I. S. Stein, sixth with \$821,600 in 10 months, and J. B. Glasser, seventh with \$637,300 in 10 months. Mr. Glasser, as well as the others, has paid for considerable business since Oct. 31 and has much business going through.

Nineteen agents will pay for more than \$200,000 each, 27 for over \$150,000, and 32 for more than \$100,000.

Mr. Behr, who has led all the Equitable agents, has written over 103 cases this year, M. W. McNamee 64, Mr. Morrell 58, C. E. Wilson 57.

The high years in the past were \$16,376,000 in 1934 and \$16,416,000 in 1935. This year in 10 months the agency paid for \$16,655,000, plus \$870,000 of group insurance. Production from new organization increased 59 percent.

The six units' records for 10 months, considerably increased as the year nears its end, were: M. A. Feuer, \$2,326,900; C. E. Harris \$1,640,300; Ned M. Becker \$1,579,000; R. E. Grossberg \$1,275,400; L. C. Monson \$952,500, and A. J. O'Callaghan \$410,000.

C. T. Davies, **million dollar policyholder**, tells "Why I Bought Life Insurance" in 16-page booklet. 8 for \$1. Order from National Underwriter.

## **VandeWalker Entertains Ohio State Michigan Agents**

DETROIT—H. E. VandeWalker, Michigan state agent of the Ohio State Life, entertained 60 agents and their wives from over the state at his annual Christmas party. A huge Christmas tree was decorated with applications for \$127,000 of new business written during a 21-day sales contest leading up to the party, bringing the total production for the year to date to over \$1,661,000, on a contract basis.

The film, "Yours Truly, Ed. Graham," was shown. Mr. VandeWalker introduced Byron Ayres, Conrad Kreger, Russell Stanley, Earl Christmas, M. C. Gardner, Morris Casey and Al Bondie, winners in the contest, and distributed the prizes. He also announced a new contest to cover the last ten days of the year, with cash prizes.

E. H. Marshall, agency supervisor, spoke on the history and purposes of life insurance. Dr. C. E. Schilling, chief medical director, spoke on company practices and related interesting cases of attempts to defraud the company by substitution of applicants.

F. L. Barnes, vice-president and agency director, told of the progress made by Ohio State Life during the year.

# **THIRTY SEVEN YEARS LATER**



**One of a series — Giving facts about the Fidelity.**

The day before Christmas 1902 Fidelity issued the first life insurance policy guaranteeing an "Income for Life" to the insured. This insurance innovation quickly proved to be one of the most potent sales appeals yet found to arouse buyer interest—an appeal to self-interest.

Other companies quickly adopted it, but Fidelity, using it as the basis of its unusually successful direct mail lead service, has long been recognized as a leader in this field of insurance protection.

Recently Fidelity launched its second "Income for Life" plan providing \$5.00 a month, instead of \$10.00, with \$1000 of protection, maturing at ages 55, 60 and 65, the same as under its regular plan thus opening a wider market for this form of protection.

It fills the gap between Ordinary Life and the higher premium level of the \$10.00 "Income for Life" plan. It offers opportunity for reconsideration in the many cases where a prospect has been favorably impressed by the regular "Income for Life" plan, but couldn't meet the premium requirements.

This addition to the Fidelity sales kit emphasizes the completeness of the tools available to its agents.

**The FIDELITY MUTUAL LIFE  
INSURANCE COMPANY  
PHILADELPHIA**

WALTER LEMAR TALBOT, President

## SEC Pries Into Some Illinois Deals

(CONTINUED FROM PAGE 1)

not that the policyholders put up the money three times over "to enable you to get the company." Mr. Martin said that this was not so, since additional money was put in later.

### W. H. Woods Testifies

W. H. Woods, president of the old assessment organization from 1903 until its conversion to a stock company in 1929 and head of the new company until last year, denied that he had any idea of the secret contract under which the \$430,000 was paid and that he learned of it for the first time from the testimony which had just been heard, although admitting that he had concluded that there must be a contract with the conservation company. He said he had voted against the contract with the

American Conservation Company on the ground that the commission was too high, since he had known of others where the commission was only 60 percent.

A. T. Sawyer, secretary Illinois Bankers Life, testified that instead of forwarding to American Conservation the checks it received under the rewrite contract he sent them to Mr. Martin.

"You knew, didn't you, that the reason was to insure his getting his cut?" Gesell asked.

"No, that didn't occur to me," the witness replied.

### Says Martin Instructed Him

Questioned on this point by the acting chairman, J. J. O'Connell, special assistant to the Treasury Department's

general counsel, Mr. Sawyer said he had no recollection why the checks were sent to Mr. Martin except that Mr. Martin was the general counsel of the company, its largest stockholder and that he told him to follow this procedure.

It was brought out that Mr. Shimp supplied the collateral for a \$200,000 loan which Mr. Martin obtained from J. W. Stevens, head of the Lincoln Securities Company of Chicago, in order to make the initial payments totaling \$200,000 of the nearly \$300,000 which Mr. Martin said he paid to Mr. Woods, and two other directors of the assessment organization, Dr. J. R. Ebersole, vice-president and medical director, and R. M. Work, both of the latter now being dead.

### No Definite Understanding

Mr. Shimp testified that he had lent shares of Home Haven on the Gulf, a real estate development which shortly afterward went into receivership, to Mr. Martin who in turn used it to obtain the loan from Mr. Stevens. He said he did this out of friendship for Mr. Martin and also in the hope that it might help him to get the rewriting contract. However, he denied there was any understanding or that there was any implication that the loan would help him get the rewriting contract. While the stock loaned had a face value of \$600,000, its market value was so much less that it was not even discussed, he said.

H. G. Sellman, actuary Illinois Bankers Life, testified that at the time of the rewriting deal the company employed W. R. Baker of the law firm of Henning & Baker of Kansas City, Kans., and previously Kansas insurance commissioner, to help in connection with getting approval of other states for the reinsurance deal. Gesell introduced into the record letters from Commissioner Wysong of Indiana and other commissioners criticizing the reinsurance contract.

### Partial Control, at Least

Mr. Baker said he obtained the approval of the insurance department by pointing out to them that if approval were not given they would have no control over the situation whereas if the department did give its approval there would at least be a measure of control. Mr. Baker said the first he knew of the "kick-back" contract was in the spring of 1931 after he had ceased trying to get the company licensed.

Mr. Baker said he was successful in getting in to talk with the insurance commissioners he approached everywhere but in Missouri where he was never successful in finding Superintendent O'Malley in.

"You can find him in now," Gesell said, with grim humor.

"Not in Missouri," the witness came back.

Mr. Martin testified on the formation of the Trust Company of Chicago, in 1930. He said this was formed at his instance in the belief that it would be of advantage both to the Illinois Bankers Life and to the trust company, it then being anticipated that there would be a large amount of life insurance trust business.

There was also testimony on the Monmouth Trust & Savings Bank, which the new company inherited from the assessment organization.

### Martin Makes Protest

Evidently feeling that Gesell was being unfair in his hindsight criticism of some of these transactions, Mr. Martin declared:

"Mr. Gesell, I wish you would tell me any investment that didn't prove bad in such a depression as we had."

Gesell did not take up the challenge.

Much time was devoted in bringing out the company's transactions with the Listed Securities Company of Monmouth which was formed by Mr. Martin and a Chicago bond expert, E. W. Moffat. Through this brokerage organization the company was able to trade bonds on which interest had defaulted for others which were in good standing and yet

not have to show the shrinkage between book value and market value that would have been shown if the transactions had been carried out in a usual manner. For example, by invoicing a bond with an amortized value of 80 but with a market value of only 30, letting the securities company sell the bond for 30 and buy an interest bearing obligation at 30 and then invoicing that bond back to the insurance company at 80, it would not be necessary to show a shrinkage on the securities disposed of.

### Method Changed in 1933

Mr. Sellman said that this was done in 1932, but that because the Illinois department objected the method was changed in 1933 although the company was still enabled to trade defaulted bonds for interest bearing bonds and still carry the acquired bonds at a book value which was substantially above the prices paid for them.

Gesell read a number of letters which policyholders wrote last year after the distribution of the so-called survivorship fund, a sort of tontine arrangement designed to promote greater persistency when the new company took over the old. These policyholders were disappointed because the amount of the survivorship fund was not sufficient to offset the loans at 6 percent simple interest which had been placed against their new policies in order to make the change to a legal reserve basis.

### Calls Letters Relatively Few

Mr. Sellman said that while quite a few letters of this type had been received the number was not large in proportion to the total number of policyholders. Asked about dividends of stockholders since the company's formation in 1929, Mr. Sellman said that there was only one distribution, of \$25,000, in either 1932 or 1933. He said that deferred and annual dividends had also been paid to participating policyholders.

Gesell questioned Mr. Shimp at considerable length on other rewriting operations. He brought out that former Commissioner Baker of Kansas through his law firm, had an interest in rewriting contracts which involved American Insurance Union, Pacific States Life, Life of Detroit, and Security Central Life. Mr. Shimp said that his firm made an agreement with Henning & Baker on a 5 percent contingent basis and that the arrangement was a very good one for the conservation company because no fees had to be paid if no business was obtained.

### Needed No Inside Tips

Asked about confidential tips from insurance departments, Mr. Shimp said these were not necessary since there is no trouble about finding which companies or organizations are in trouble or likely to be in trouble.

Gesell tried to bring out that Mr. Shimp had paid R. R. Haffner, now actuary of the Illinois department substantial fees. Mr. Shimp said the only fees paid Mr. Haffner were expenses totaling about \$100 in connection with a trip he took at Mr. Shimp's request to look over the Detroit Life and see whether he would be interested in becoming its actuary. He did not, but elected to continue with the Illinois department.

Gesell then exhibited a letter from Ernst & Ernst, accountants, following a 1937 audit of the American Conservation Company in which reference was made to a \$1,500 check marked "account R. R. Haffner."

### Denies Knowledge of Check

Mr. Shimp denied that he had ever seen the check or knew anything about the drawing of it or notations on it and attributed the entry to an error on the part of the accountants in making an audit several years after the transactions occurred. Furthermore, Mr. Shimp said that he was unable to produce the check stubs covering the transactions because after he had dug them out of their stor-

## To Have and To Hold

The special Modernized Systematic Savings Plan featured by the Bankers National Life Insurance Company is not only a good investment—it's good business, and every dollar **YOU** invest in it does double duty.

This Modern Plan has all the advantages of low cost ordinary life in event of death . . . all the advantages of endowment forms in event of survival . . . cash withdrawals without policy loan interest any time after payment of second premium . . . guaranteed interest at the rate of 3½% on savings . . . privilege of reducing premiums to ordinary life rate at any time without evidence of insurability . . . payment of face amount **plus** savings in event of death . . . payment of face amount at end of 25 years.

Have you a difficult prospect who claims he can invest the difference between low cost and endowment forms and be ahead of the game in event of premature death? Have you explained the difficulties of saving sums regularly . . . of putting new principal and earnings to work earning interest at once, of avoiding losses over so long a period?

Tell him that you can do this for him, and in the event of death pay his beneficiaries both his life insurance and savings accounts. Tell him the plan is also available to children ages 1 day to 14½ years for educational and protection purposes, with or without waiver of premium benefit on the parent. Would he be interested? . . . Think it over.

**BANKERS NATIONAL  
LIFE INSURANCE COMPANY**  
MONTCLAIR \* \* \* NEW JERSEY

## Win Advancement in Guardian Life



RUDOLPH C. NEUENDORFFER



JAMES SCOTT

Among the officials of Guardian Life, whose advancements were announced last week, are Rudolph C. Neuendorffer and James Scott.

Mr. Neuendorffer, who has been secretary of Guardian Life since 1921, now becomes second vice-president. Mr. Scott, formerly assistant vice-president, becomes secretary. Mr. Neuendorffer is a graduate of New York University. After several years mercantile experience he joined Guardian Life in 1908 in the secretary's department. In 1915 he was made assistant secretary and in 1921 was appointed secretary. He takes an active interest in the Insurance Society of New York, Insurance Institute

of America, and Life Office Management Association.

Mr. Scott has been with Guardian Life since 1934. He was born and educated in Scotland and entered the life insurance business with a company in that country. He came to the United States in 1914. For several years he was in the actuarial department of Home Life of New York. He then went with Missouri State Life as assistant actuary. He subsequently became comptroller and then vice-president and comptroller. He remained with General American Life as comptroller until 1934, when he went with Guardian Life at the head office.

age place in the sub-basement of his office building at the request of the SEC investigators, the latter had told him that there would be no further need of these stubs. Consequently, he said, he destroyed them. Gesell did not attempt to refute the statement which Mr. Shimp ascribed to the SEC investigators.

Mr. Shimp testified that he borrowed, in his own name and that of American Conservation Company, \$75,000 from Illinois Bankers Life to purchase American Insurance Union stock, this move being made on the recommendation of Mr. Martin, who hoped that he would be able to reinsure American Insurance Union in Illinois Bankers.

### Chart Shows Transactions

A chart of American Conservation Company's financial transactions from 1930 through 1936, prepared by the SEC staff, showed that the company received \$4,004,473 in gross earnings and that special commissions totaled \$551,573 including the \$430,000 previously referred to. Part of these special commissions went to Mr. Shimp it appeared.

Gesell questioned Mr. Shimp on an agreement to pay Raymond T. Smith, vice-president of Alfred M. Best Company a 5 percent commission on first year premiums for arranging the contract by which Central Life of Illinois took over Security Life of Chicago. Mr. Shimp said that "we were convinced he could be helpful." He said that on this and similar deals there was no question of paying a commission to an organization which reported on insurance companies, since neither then nor for several years thereafter did Best Reports recommend the companies involved.

### R. T. SMITH STATEMENT

Raymond T. Smith issued the following statement this week:

"I deny emphatically having received \$50,000 from the American Conserva-

Review classes will be held in May and June.

The Los Angeles chapter will hold its next luncheon Dec. 29, when "My Plans for 1940" will be discussed by John R. Mage, Frank N. Nathan and Howard Neal.

### Speaking Course in Milwaukee

The Milwaukee C.L.U. chapter is devoting its educational efforts for the current season to a practical course in public speaking. Under the guidance of an instructor, various members address the meetings and receive practical suggestions on their presentations.

## RECORDS

**Equitable Life, Ia.**—Paid business totaled \$4,211,048 in November, a slight decrease. Pennsylvania with \$461,833, led all states. C. J. Amstutz, Youngstown, O., was the top producer with \$97,525. The H. S. Bell general agency, Seattle, led agencies with \$285,958.

**Indianapolis Life**—Insurance in force passed \$110,000,000 in November. The increase for the first 11 months exceeded the gain for the full year 1938. The com-

pany issued its first policy in November, 1905, and is now entering its 35th year.

## NEW YORK

### AUTOMOBILE ACCIDENTS IN 1939

The Metropolitan Life statistical department says there were 93,000 persons injured in automobile accidents in 1939, 1,000 less than 1938. Automobile fatalities for 1939 are 32,400. Accidental deaths in homes will be a few hundred more than 1938 and the same is true in deaths from accidents arising out of or in course of employment.

### BENTON INSTALLED AS MANAGER

M. W. Benton has now been installed as agency manager in Brooklyn for Equitable Society. He takes over the agency organization of A. B. Peacock who is becoming associated with one of Equitable's New York metropolitan agencies. Mr. Benton has been head of one of the leading units of Greater New York. The installation luncheon was attended by Second Vice-presidents Welch and Dalager and Merle Gulick, representing the head office and by W. J. Dunsmore, for whom Mr. Benton has been assistant manager for 13 years.

## Forty-Sixth Year of Dependable Service

**T**HE STATE LIFE of Indiana is a purely mutual, old-line, legal reserve Company in its forty-sixth year of dependable service. . . . Has paid over \$123,000,000 to policyholders and beneficiaries, and in addition holds assets of over \$53,000,000 for their benefit. . . . Issues a wide range of policies from ages one day to sixty-five years, including Juvenile, Educational Fund, Family Income, and other up-to-date forms. . . . Agency opportunities with complete training and service facilities for those qualified.

## THE STATE LIFE INSURANCE COMPANY

Indianapolis  
Indiana

MUTUAL LEGAL RESERVE FOUNDED 1894

## *Mutual Life Advertising*

begins the New Year with its timely appeal to the Representative's natural calendar of sales opportunities.

*Here is the January, 1940 message* — in magazines with a total circulation of more than 4 millions, serving as the agents' ideal introduction *by their own Company* to new prospects on whom they will soon call to discuss home budgeting and *life insurance*.





## Home Budgeting Made Easy

SPENDING money is a great pleasure but a good many people find *saving* money a pleasure too.

Have you determined the proper balance between spending and saving in your household? Perhaps the "Family Spending Guide" can help you.

This new kind of "budget" book, prepared by THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, is a simple but attractive 36 page aid to family accounting. It has been

made available to those who are discussing life insurance plans with MUTUAL LIFE agency representatives or who may wish to discuss such plans in the future.

If you receive a card from one of these representatives mentioning the "Family Spending Guide", take advantage of this free offer and welcome the one who calls to bring it. Or write at once to the address below and it will be supplied to you promptly.

*The Mutual Life  
Insurance Company of New York*  
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FIRST POLICY ISSUED



FEBRUARY 1, 1843

## EDITORIAL COMMENT

### Seeking Appropriation with Headlines

WITHOUT arguing for a moment that the SECURITIES & EXCHANGE COMMISSION's disclosures on the reinsuring of companies should not have been made, one may challenge vigorously the propriety of including, and particularly of playing up, this type of material in an investigation which is supposed to analyze the effects of the concentration of economic power and whose aim in connection with insurance was announced to be an objective study.

As a factor in the concentration of wealth or power the amounts involved in the various reinsurance deals encompassed by the SEC's study are infinitesimal, however large they may loom in comparison with the average individual's personal bank account.

As an aid to presenting a well rounded picture of the institution of life insurance to Congress and to the public the conditions to which the SEC and the TNEC have devoted seven days of hearings are a small isolated facet of the insurance business. The attention that the SEC has given them can only mean that headlines are being sought rather than real enlightenment as to the nature and workings of the business of insurance.

The SEC may have kidded itself and the TNEC into believing that this sort of thing is as important a phase of the insurance business as the time given to it would indicate. But while insurance men know that it is a distorted picture that is being presented the public is all too likely to believe that the occurrences disclosed are typical of what goes on every day in the life insurance business.

Just what reinsurance deals involving a few relatively small companies have to do with the concentration of economic power or with an objective analysis of the institution of life insurance the SEC can perhaps explain—although so far the SEC has shown itself more prone to ask questions than to

answer them. Whoever in the SEC is responsible for turning the objective study into a muckraking expedition must be fully aware of the extent to which the original purposes of the inquiry are being perverted. The danger is that when insurance men read of disclosures such as have been made in recent weeks, they may feel that the SEC has to some extent justified itself, since it has brought out material that the state departments were either unable or unwilling to bring to light. Actually, the SEC has not justified its inquiry at all by this move, since it has abandoned its true objective—the making of an objective study of insurance—and permitted itself to be lured into the paths of sensationalism.

Just why the SEC finds it so necessary to crash the headlines, as it has recently succeeded in doing, should be of increasing interest to insurance men. One explanation may be that the TNEC's appropriation runs out at the end of this year and the SEC doesn't want to be forgotten when the question of appropriations comes up at the approaching session of Congress. Some observers say that the TNEC is not going to find it easy to obtain money for continued operations on the scale at which it has been going.

Unfortunately it is difficult to express disapproval of the way the SEC has gone about making its disclosures without appearing to argue for the concealment of the conditions that have been revealed. The conditions should unquestionably have been brought to light. But in spite of that the spectacle of the SEC making use of this sort of material as part of an "objective study" of life insurance only serves to increase the suspicions of insurance men as to what the SEC really has up its sleeve, for if there were nothing up its sleeve why shouldn't the SEC be content with merely making a truly objective study and letting it go at that?

### Value of Strong Company Organization

THE strength of any organization or institution, large, medium size or small, depends so much on personnel, the ability and capacity of its man power. It is astounding at times to find insurance companies heavy at the top but weak below. There are outstanding executives whose administration has been highly successful. So long as they

are able to guide the destiny of the company, all is well.

Frequently, however, too much is taken for granted. Very little concern seems to be given to the perpetuity of the institution along the lines that have made it a success. There has been a lack of new and younger blood being trained to carry on the work. The

line of succession is one of the most important problems to work out. There should be no thought in the minds of those associated with a company as to what will be done when the present administration head lays down the gavel. There should not only be competent second string but third string men. There should not be a jolt when the administrator steps off the rostrum.

We have the most highly efficient companies taking a prominent part in the business but sometimes sadly lacking in developing a so-called organization. Too much stress has been put on one or two individuals at the helm

and their importance. While they have administered their offices with great credit, they have singularly failed in one of the most paramount duties, that is, to keep in training men for orderly succession. There should not be any doubt as to who should march upward. There should be men entirely capable of assuming the high duties. Chief lieutenants should be given responsibility and in every way their qualities for leadership should be developed. Within a company's own ranks the training should be done and there should be no need for going outside for competent leadership.

### Life Payments 26 Times as Great

THE SOCIAL SECURITY BOARD estimates that it will pay \$114,000,000 in old age and survivors' insurance benefits in 1940. Although these payments will obviously show a steady annual increase as time goes on, the 1940 total doesn't look very imposing against the probably \$3,000,000 in life insurance payments in 1940. According to the LIFE PAYMENTS NUMBER OF THE NATIONAL UNDERWRITER, the total payments in 1938 were over \$3,-

000,000,000 and the five year average is only slightly under that amount, so that undoubtedly the 1940 total will be over the \$3,000,000,000 mark again. This means that the social security payments will represent only 3.8 percent of the life insurance payments to policyholders and beneficiaries in 1940. To put it another way—life insurance payments will be 26 times as great as the social security payments next year.

## PERSONAL SIDE OF THE BUSINESS

**O. J. Arnold**, president Northwestern National Life, has been reelected president of the Minneapolis Civic Council. **Frank McNally**, general agent Massachusetts Mutual Life, has been reelected treasurer.

**T. W. Van Hoesen**, assistant treasurer of the Fidelity Mutual Life, celebrated his 55th anniversary with the company. For a number of years he has been in charge of premium collections and has been assistant treasurer since 1930. The Fidelity Mutual has five members in its Fifty Year Club, including President Walter LeMar Talbot, Karl Collings and A. E. Borst of the head office agency, and D. R. Midyette, Richmond.

**Arthur James**, vice-president and agency director Wisconsin National Life, who has been away from the office for about three months due to illness, has returned and spends a few hours each day at his desk. He is rapidly regaining his health.

The feature of the Pacific Mutual Life's Christmas party attended by 750, was the singing of several numbers by Mario Chamlee, Metropolitan Opera tenor, who flew from New York to Los Angeles. Mr. Chamlee was a college classmate of Leslie Cooper, assistant actuary.

**O. Sam Cummings**, Texas manager Kansas City Life and former president of the National Association of Life Underwriters, in a special issue of the Dallas "Daily Times-Herald," explained that he failed to send out Christmas greeting cards on time because of confusion regarding the changing of the Thanksgiving date by President Roosevelt.

velt and Governor O'Daniel's proclamation for two Thanksgiving holidays in Texas. Because of the admonition, "Buy your Christmas gifts today for tomorrow may be Christmas," Mr. Cummings said he was fearful if he gave an order for greeting cards and the date was advanced, his cards would not be ready.

**T. F. Beck**, Travelers field assistant in Chicago, announces the birth of a son, Tom, at West Suburban hospital, Oak Park, Ill.

Despite the fact that **J. W. Miller**, Canadian manager of the Occidental Life of California, was ill at the time, agents in his territory presented him with applications for \$1,018,000 of new life insurance on his 25th anniversary. The business was written in the month preceding the anniversary. Mr. Miller, a former newspaper man, began his life insurance career in 1914 with the Western Mutual Life as an agent. Seven years later he was made general manager and in 1928 when the Occidental took over the company on a managerial agreement, he continued with Occidental as Canadian manager.

**William H. Harrison**, formerly vice-president of Atlantic Life and superintendent of agencies, who recently was seriously ill, has much improved and expects soon to return to his office. For the last two years he has been supervisor for the Atlantic agency of the Atlantic Life at Richmond, Va.

**Charles F. Williams**, president of Western & Southern Life, was selected as Cincinnati's man of the year by five judges, including the news executives of three Cincinnati newspapers, being

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**BOSTON OFFICE**—Room 522, 25 Huntington Ave., Telephone KENmore 5227. R. E. Richman, Vice-President.

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**SAN FRANCISCO OFFICE**—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Res. Mgr.; Miss A. V. Bowyer, Pacific Coast Editor.

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## Coyle Is Taking Over at Pittsburgh



E. A. COYLE



H. W. ABBOTT

Edwin A. Coyle, member of Massachusetts Mutual's Pittsburgh agency since 1924, becomes general agent there Jan. 1, succeeding Henry W. Abbott, who terminates his 13 years' service to be connected with the Patterson agency of Massachusetts Mutual in New York.

Mr. Coyle is a native of Pittsburgh. He received his early education in public schools there and at Haverford School and Lawrenceville Academy, later studying law at Cornell. After world war service overseas as a captain, he was in the investment banking business from 1924 to 1928, then joined the Pittsburgh agency of Massachusetts Mutual. He had a fine record in 1937 being vice-president of the agents association.

Mr. Abbott, who is nationally known, wrote more than \$1,000,000 in his first year in the business—1926.

Mr. Abbott is a speaker on social security, estate shrinkage, tax insurance, the construction of wills and trust agreements and is an authority on business insurance. His recent publication, "Abbott Ready Reference Pocket Manual," is popular.

Mr. Abbott was born in Bellingham, Wash. He was educated at the U. S. Naval Academy, and is a national trustee of the Naval Academy Alumni Association. After several years experience in other lines Mr. Abbott went with Massachusetts Mutual in Detroit in 1926. Ten months later he became Pittsburgh general agent.

rated the man who did most for the city's good in 1939. Mr. Williams was awarded the honor on the basis of four major philanthropies, the gift of a cancer research laboratory to St. Francis hospital, the financing of a week in camp for 150 needy children, providing a day's amusement at Coney Island for 3,000 underprivileged children, and a manger display depicting the Nativity in a downtown park visited by more than 100,000.

V. B. Coffin, vice-president Connecticut Mutual Life, will be guest of honor at the annual Christmas party of the C. J. Zimmerman general agency of Chicago Jan. 4. He will present plaques to agents and brokers who met quotas in the "presidential" campaign honoring Mr. Zimmerman's election as president of the National Association of Life Underwriters.

The marriage of B. H. Walker, president of Life of Virginia, and Miss Elizabeth Leake is to take place some time in February. Miss Leake is the daughter of Mr. and Mrs. David Harris Leake of Richmond. She is a graduate of Richmond's Collegiate School for Girls and of Sarah Lawrence College of New York.

C. R. Carpenter, claims attorney of Travelers in Chicago, lost his wife in an automobile accident there this week. Their car skidded and plunged into Lincoln Park lagoon. Carpenter jumped out but his wife was drowned. She formerly was a stenographer in the claim department.

## DEATHS

Herman Rice, 75, formerly secretary treasurer of the Columbia Life, died at his home in Dayton, O.

Thomas B. Hooker, 61, Memphis, died following a heart attack. He formerly

American Life reinsured Missouri State, but retired before long. He was the oldest alumnus of Knox College, which awarded him the honorary degree of L.L.D. in 1922 on the 50th anniversary of his graduation.

Wallace Dunbar Bexter, Jr., 55, treasurer of New England Mutual Life since 1928, collapsed and died on a street near his home in Milton Tuesday night. He was born in Brookline, Mass., graduated from Harvard in 1907 where he was a member of the baseball team. He went into the home office of New England Mutual in 1909. He was a director of several banks.

George Benham, 83, former St. Louis general agent of the Penn Mutual Life, died at his home in Cleveland, O. He had resided in Cleveland since 1932. He retired in 1924 after 32 years as St. Louis general agent.

M. J. Wellborn, 59, Ponca City, Okla., agent Kansas City Life, was killed in a car-truck crash on the highway three miles north of his home city.

## Pille Made Agency Assistant

E. Pille, supervisor in the Fraser agency of the Connecticut Mutual in New York City, has been appointed agency assistant at the home office and will give general assistance on educational projects. He graduated from Harvard in 1928 and joined the Fraser agency in 1934 as supervisor at Bridgeport, Conn., where he materially increased the production of the unit. As a result of his work there, he was promoted in 1936 to supervise the full-time organization of the Fraser agency in New York City.

## Simple Explanations to Tell Public What Insurance Is Doing

In 1940 the Penn Mutual Life will be represented by a new series of advertisements in the "Saturday Evening Post," in which it has had monthly pages since 1933. The new schedule calls for two appearances each month, and the advertising copy will be in the form of a series of messages from President John A. Stevenson, "stating in simple, understandable language what life insurance really is today," as he says in the first. "And because a great deal depends upon how life insurance is fitted to your personal or family needs, I want to tell you later what type of person a thoroughly competent life insurance salesman is, and what kind of service he gives you."

The first of the new series of advertisements will appear Jan. 6.

At the suggestion of the Penn Mutual, its advertising agency sent representatives to call upon general agents and underwriters in larger agencies as well as small ones, literally pumping them on the subject of what the field thinks is needed in the advertisements. They went to listen and not to talk. They spent 100 hours with a cross-section of the field in a cross-section of the country, absorbing opinions and suggestions. The reports of these interviews filled over 50 pages. The advertising agency concluded that the message could best be conveyed in the words and through the personality of President Stevenson.

*"Our Supplemental Agreement Service has made the purpose of life insurance secure"*

STATEMENT BY A VICE PRESIDENT OF THE COMPANY



Route 4, York  
Pennsylvania  
June 11, 1938

The Mutual Benefit Life Insurance Company  
Newark, New Jersey

Dear Sirs:

When my husband died eight years ago, it was a question in my mind whether I could keep my family of four children together, but the fact that I was receiving life insurance at the time caused me to try to keep the family intact.

We have also kept our home, and even made great improvements in it, until now we have the modern conveniences to help make life easier. Had it not been for the insurance our home would have been sold. Because of the income benefits I received from your company I have been able to give my children the things they needed and also the things they desired. We have always had a car to go wherever we wanted. We could live healthfully with proper food and wage medical care, though it was seldom needed. I was able to give the children books and music for their cultural enjoyment.

This spring one of my children graduated from college and will go on to medical school next year. Another has completed her first year of college, and still another will begin college in the fall. It is thus through life insurance benefits that I have been able to keep my children and also to give them what they needed to fit them for life.

I cannot thank you enough for all you have made possible.

Most gratefully yours,

Mary M. D. K.

FOUNDED IN 1845

The Mutual Benefit  
LIFE INSURANCE COMPANY  
NEWARK, NEW JERSEY

## Protective Life Agents Win The Rewards of Quality

- a larger income from both first year and renewal commissions
- more prestige through contacts with higher income groups
- high standing in their home communities

*"A quality Company with quality agents writing quality business on quality people."*



## THERE'S A REASON!

For a Gain of More Than 40% in Business  
During First Eleven Months of 1939

Our Family Unit Policy  
is in a class by itself!

Complete line of usual form policies plus many unique and practical forms of our own.

Both participating and non-participating.

Both standard and substandard.

Compare our net cost.

There are many reasons why salesmen are coming with Shenandoah!

For full details write:

**SHENANDOAH LIFE  
INSURANCE CO., INC.**  
ROANOKE VIRGINIA

CHAS. E. WARD, Vice-President  
WORLEY HARR, Vice-President

## NEWS OF THE COMPANIES

### Bascom Baynes Is Elected Head of Home Security Life

Bascom Baynes, formerly executive vice-president, has now been elected president of Home Security Life of Durham, N. C. He succeeds G. W. Hill, who becomes chairman. Mr. Baynes has been executive vice-president of Home Security since 1932, when Greensboro Life of which he was president, was re-insured by Home Security.

Walter Sledge, who has been assistant treasurer of Home Security, was elected treasurer, succeeding T. C. Worth.

It was reported that insurance in force now amounts to about \$42,000,000, a gain of about \$3,800,000 for the year, and assets increased more than \$500,000. An extra dividend of 2 percent was declared, making the total distribution for the year 10 percent.

Mr. Baynes is chairman of the membership committee of the Industrial Insurers Conference. He is a director of the Durham Rotary Club. Before entering the life insurance business in Greensboro he was in the hardware business and was at one time president of the North Carolina Merchants Association.

### Registration Plan of Standard Life

Standard Life of Indianapolis has filed a registration statement with the SEC at Washington covering the proposed offering of 100,000 shares of class B common stock at \$5 par value. Three directors registered, they being J. J. Latendresse, F. J. Latendresse and G. F. Flagg. James J. Latendresse by contract, is employed as director of sales to sell the stock and will receive as compensation 15 percent of the face amount of all stock subscriptions accepted by the company, unless the SEC shall not approve the commission, in which event it shall be such amount as shall be approved.

The estimated net proceeds to be raised by the sale of the class B shares are \$1,700,000 after deduction of selling agents' commissions totaling \$300,000 but before deducting the company's expenses in connection with this issue, which are estimated at \$12,700. The company expects that the greater part of the shares will be paid for by promissory notes secured collaterally by the shares for which the notes will be given in payment.

#### Makes Much Progress

Standard Life has been making rather conspicuous progress. It closed 1938 with about \$10,000,000 insurance in force and it is understood that it expects to close this year with about \$16,000,000 in force. The company was organized by Harry Leslie, former governor of Indiana. Upon his death J. R. Schultz, who had been a university professor, was elected president. G. F. Flagg, vice-president and agency director, was formerly connected with an automobile insurance company at Springfield, Ill.

Considerable success has been achieved in holding meetings in various towns in Indiana of the local business men. These meetings are addressed by Mr. Schultz and those attending are invited to purchase insurance and stock in Standard Life.

Full participating rates are charged and the dividends in the amount of \$10 per \$1,000 of insurance, are credited annually to the purchase of stock of \$15 par value, which is sold at \$60. A note is taken from each assured for \$60 at the inception of the transaction. Thus the stock is actually sold. At the end of six years, six participating coupons

of \$10 each having been matured, the assured's note is liquidated and he comes into the possession of one share of stock.

The legality of the plan was passed upon by the attorney-general.

### Security Mutual's Accident Plans

Security Mutual Life of Binghamton, N. Y., which will establish an accident insurance department in charge of E. A. Hauschild, who has been with Continental Casualty at its New York office as underwriter, will pursue a conservative course and gradually expand that activity. Mr. Hauschild is regarded as a most competent man who has had a long experience in accident and health underwriting.

President F. D. Russell of Security Mutual believes that accident insurance as a form of personal protection dovetails in nicely with life. He furthermore is of the opinion that where an agent has an accident policy with a policyholder as well as life, it gives him an opportunity to visit the policyholder at least once a year when the renewal of the policy comes around and thus friendship and good will are more firmly established. In this way President Russell believes the lapses are decreased and business in force can be conserved.

### Ohio State Victory Trophy Won by Cleveland Agency

The Cleveland agency of the Ohio State Life won the president's victory trophy in the campaign that honored President Claris Adams. Carl Adams is Cleveland manager. The presentation of the trophy will be made at a special meeting in Cleveland in January, attended by President Adams, C. E. Schilling, first vice-president and medical director; Frank L. Barnes, agency vice-president, and other officials. In the campaign the Cleveland agency paid for more than double its quota.

The St. Louis agency was second, Detroit-Suffron agency, third; Los Angeles fourth, Akron fifth, Pittsburgh sixth, Cincinnati seventh, Harrisburg, Pa., eighth, Port Huron, Michigan agency ninth, and Uniontown, Pa., 10th. These agencies will be presented with distinguished service plaques.

Alfred Guay, general agent Ohio State Life, Los Angeles, led in personal production, followed by Sam Cytron, St. Louis; C. Ray Suffron, Detroit; James C. McFarland, Cincinnati; T. S. Holcomb, Charleston, W. Va.; A. E. D'Emilio, Pittsburgh; E. M. Sinclair, Akron; H. F. Browning, Cleveland; C. A. Contis, Pittsburgh, and M. J. Law, Chicago.

C. S. Schilling, Newark, O.; B. B. Knight, Roxboro, N. C.; Willard Morris, Westerville, O., and C. B. Cooper of Houston, Tex., have been elected to the Ohio State Life Honor Club in recognition of large volume production.

#### Bonus for Occidental Employees

LOS ANGELES—All home office employees of the Occidental Life in the lower salary brackets were given a bonus equal to half a month's salary if they had a year's service to their credit. Those with less than that length of service were given proportionate sums. Those in the higher brackets also received a bonus on a different scale.

#### American Life Hearing Postponed

LANSING, MICH.—Hearing of an injunction suit brought by a policyholder of the American United Life of Indianapolis seeking to prevent that company's reinsurance of the assets of the defunct American Life of Detroit has been postponed until Jan. 4. The case was to

have come up in Wayne circuit court at Detroit during the past week. Officials of the Michigan department still profess ignorance as to the true instigator of the action, although doubting that the policyholder named brought the suit of his own volition. The reinsurance contract was approved a few weeks ago by the Ingham county circuit court here.

#### Sun Life Pays \$3.75 a Share

The Sun Life of Canada has announced a dividend of \$3.75 per share on the capital stock, for the quarter ended with Dec. 31.

#### Restrain Texas Company

AUSTIN, TEX.—A forfeiture of charter suit has been filed in district court at Austin by Attorney-general Mann against the Bankers Mutual Life of Port Arthur, Tex., a legal reserve mutual life company.

The attorney-general's petition alleged that the company is insolvent, and asked that a liquidator be appointed. A temporary restraining order was granted preventing the company from doing further business in the state. A hearing was set for Jan. 27 and Will G. Knox, liquidator of the department, was appointed receiver.

#### Volunteer State Pays Bonus

Christmas bonus checks of an extra week's salary were paid to employees of the Volunteer State Life. About 157 employees shared in the bonus. President Cecil Woods reported a satisfactory year.

The Volunteer Club, employees social organization, held its annual Christmas banquet.

The Provident Life & Accident paid a bonus of a month's extra salary to employees who have been with Provident for a year or more. Employees with the company for six months received two weeks salary.

J. P. Bryan has been appointed farm supervisor by the Volunteer State Life. He will be located in Albany, Ga. He has had wide experience in rehabilitating farms.

## CHICAGO

#### GENERAL AGENT YOUNG MOVES

Joseph E. Young, general agent of Franklin Life, 175 West Jackson boulevard, Chicago, on Jan. 1 will move to larger quarters at 327 South La Salle street, suite 515-16. This change was made necessary in order properly to handle the increased sales force.

#### WATTS CELEBRATES PROGRESS

At the Christmas party of the Watts agency of the Pacific Mutual Life in Chicago the film, "Yours truly, Ed Graham," was shown. Progress of the agency during the year was celebrated, the agency winning the company inter-agency contest by exceeding its quota. An increase in new business in every department was experienced.

#### GRIFFIN, INGRAM & PFAFF MOVES

The Griffin, Ingram & Pfaff agency of Equitable Life of Iowa in Chicago, is moving this week to considerably larger quarters on the 18th floor at 208 South LaSalle street. The agency has been located at 14 East Jackson boulevard since it was organized in 1926. This is one of the substantial, progressive offices in the city.

#### CLUB PLANS FOR 1940

Officers and program committee of the Life Agency Supervisors Club met to discuss plans for the year. Speakers are being considered and subjects relative to supervisors' work will be the theme of their talks, according to George Huth, Ewing agency of the Provident Mutual, club vice-president and program committee chairman.

## NEWS OF LIFE ASSOCIATIONS

#### Successful Men Do Things Failures Do Not Like to Do

BALTIMORE—Albert E. N. Gray, assistant secretary Prudential, spoke to the Baltimore Life Underwriters Association on "The Common Denominator." Mr. Gray told of his search to find the one secret of success which applies to the success of every man. After much thought and study he concluded the answer is "that the successful man has formed the habit of doing things that failures don't like to do."

"The one basic thing that is responsible for all the other dislikes in selling life insurance," Mr. Gray said, "is the fact that we just naturally don't like to call on people we think don't want to see us and talk to them about what we think they don't want to talk about. This is true of the biggest producers in the country. So, if you don't like the things that failures don't like, don't be discouraged—it doesn't prove that you are different—it proves that you are human and it proves that the one way in which you can achieve your success is to form the habit of doing those things in spite of the fact that you don't like them."

"In order to form the habit of doing things you don't like to do, you must have a purpose," Mr. Gray stated. "Men have succeeded beyond their fondest hopes, beyond their fondest dreams, but no man has ever succeeded beyond his purpose."

#### Enthusiastic N. C. Meeting

Some 300 insurance men and bankers attended the luncheon of the North Carolina Association of Life Underwriters at Winston-Salem that was featured by the address of C. J. Zimmerman, president National Association of Life Underwriters. Robert M. Hanes, president of the Wachovia Bank & Trust Co., and president of the American Bankers Association, who was also to have given an address, was called to Washington for a conference with President Roosevelt. Some of the remarks that he had intended to make were delivered by W. H. Neal, vice-president of the Wachovia Bank. Mr. Hanes predicted that the levels of business activity for 1940 will average about 10 percent above the levels of 1939.

Mr. Zimmerman was introduced by W. H. Andrews, Jr., of Greensboro, general agent Jefferson Standard Life, and national trustee. D. D. Edmonds, president of the state association, was toastmaster. Addresses of welcome were given by Mayor J. R. Fain and W. L. Anderson, president Winston-Salem association. Egbert L. Davis, president Security Life & Trust, introduced Mr. Neal.

#### Davenport for '41 Mid-Year Meet

Karl E. Madden, Penn Mutual, Davenport, trustee of the National Association of Life Underwriters, announces that Davenport has been tentatively selected as the place for the 1941 mid-year meeting of the National association. Mr. Madden has headed a movement in his city for the past two or three years to win the mid-year meeting and he now feels certain that the day will come year after next.

#### W. Va. Annual Meet April 20

The West Virginia Association of Life Underwriters has selected Charleson as the place and April 20 as the date for the annual meeting. C. J. Zimmerman, president of the National association, is expected to attend.

Lincoln, Neb.—An insurance policy embodies the life insurance contract, an automatic will, trust agreement, disability indemnity contract, retirement annuity, savings account and declaration of independence, Vernon L. Thompson, agency manager Midwest Life, said. It is the only investment at all adequate

to known hazards of family economy. A committee was named to investigate and report how to combat the campaign being carried on over the radio by "fake" insurance counsellors.

Madison, Wis.—Prof. E. A. Gaumnitz of the University of Wisconsin is conducting classes in life insurance salesmanship at the Madison vocational school in cooperation with the Madison association.

Fort Smith, Ark.—Floyd Ellis has been elected national committeeman and chairman of the local membership committee.

Little Rock, Ark.—A training school has been started to run to March 16. Foster A. Vineyard, Aetna Life, is general chairman.

Nashville—A Christmas party was held, with President James G. Hill presiding. "Yours Truly, Ed Graham" was exhibited. The association has had a splendid year under the leadership of President Hill, who is Nashville general agent of Connecticut Mutual.

Los Angeles—Results already obtained through the inauguration of the association's council has justified its formation. Chairman Sidney Y. Newcomer has received answers from 30 of the general agencies and branch offices on questionnaires sent out asking what the man

with the rate book would like best as features of the association meetings. Plans for 1940 will be formulated on the suggestions.

Richmond, Va.—Criticising the Wagner annuity plan, C. J. Zimmerman, president National association, declared the Canadian government has been losing money by attempting to undersell private companies by only 10 percent. He charged that the Wagner proposal would be a direct invasion of free private enterprise.

The same evening Mr. Zimmerman was honored at a dinner given by the General Agents & Managers Association of Richmond. The following day he talked before the Roanoke association.

York, Pa.—Hal Stoeling, Fidelity Mutual Life, talked on "Retirement Income."

Benavent, Tex.—William Harrison of Houston, Tex., Union Central Life general agent, spoke at the monthly meeting on "Getting the Job Done." He outlined a four-point program of study and planning the day's work, prospecting, presentation and closing. The failure of most agents is due to the lack of a definite daily work plan, followed systematically, he said. A 13-week study course was discussed. The enrollment committee announced the course probably will be given in January. Legislation scheduled for consideration by the next Congress was outlined by J. H. Little, secretary. Members adopted a resolution to cooperate with the National association in opposing the adop-

## DOUBLE PROTECTION TO AGE 60

Designed for the man  
whose family responsi-  
bilities outweigh his  
ability to finance suf-  
ficient permanent life  
insurance.

Since Union Mutual  
began writing this con-  
tract last July 1, it has  
become one of the  
Company's leading  
policies in popularity.



**UNION MUTUAL**  
LIFE INSURANCE COMPANY  
PORTLAND

MAINE

★ Issued the Country's first Endowment February 9, 1850 ★

tion of plans for socialized medicine and sale of annuities by the government. President Jack Bain presided.

**St. Louis**—By increasing its membership from 628 in 1938 to 1,367 in 1939, the association closed the year as the third largest in the United States, being outnumbered by Chicago and New York. Missouri, with a total membership of 1,800, ranks fourth among all of the state associations.

## INDUSTRIAL

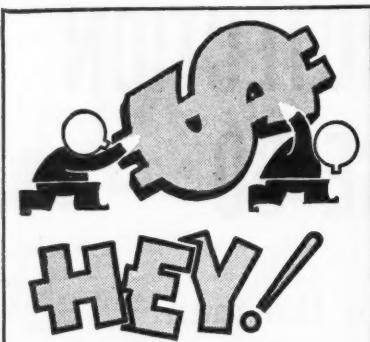
### Hold Conference in Minneapolis

Fifty district managers and assistant managers of the Metropolitan Life in Minnesota and northern Wisconsin attended an all-day educational conference in Minneapolis.

### Honor C. H. Longenecker

C. H. Longenecker, Oklahoma City manager Metropolitan Life, was given a testimonial dinner by his agency staff in recognition of his 25th anniversary. Home office representatives at the dinner were Ernest H. Wilkes, vice-president; Cecil J. North and Arthur W. Tretthewey, third vice-presidents, and Glen J. Spahn, agency superintendent.

**O. B. Taylor**, who has just completed 40 years with the Prudential at Dayton, O., was presented a diamond charm and a certificate of merit.



*Where are you taking that dollar?*

It is part of the commission of a Central States Life fieldman and he is entitled to ALL of the commission he earns. None of it is diverted or allotted elsewhere. When you sell for C.S.L. all that you earn is yours.

### Write

J. DeWitt Mills, Vice Pres., for agency information. Good territory available in Mo., Ark., Okla., Nebr., Texas, Colo., Utah, Wyo., Calif., and Fla.

**CENTRAL STATES LIFE INSURANCE CO.**  
St. Louis, Mo. Alfred Fairbank, Pres.

## NEWS ABOUT LIFE POLICIES

By JOHN H. RADER

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem." Published Annually in May and March respectively. PRICE, \$5.00 and \$2.50 respectively.

### New Dividends of Home Life of N. Y.

Illustrations of the new dividend scale recently announced by the Home Life of New York are given by the following table:

#### Endowment at 85

Policy	Age	Age	Age	Age	Age
Year	20	30	40	50	60
1	\$2.51	\$2.78	\$2.90	\$3.21	\$4.54
2	2.58	2.84	2.94	3.30	4.82
3	2.65	2.90	2.99	3.41	5.11
4	2.73	2.96	3.05	3.54	5.45
5	2.84	3.04	3.13	3.71	5.82
10	3.59	3.68	3.88	5.05	8.21
15	4.47	4.57	5.09	7.07	11.17
20	4.95	5.14	6.14	8.87	13.59

#### Preferred Life

Policy	Age	Age	Age	Age	Age
Year	20	30	40	50	55
1	\$2.63	\$2.52	\$2.16	\$1.68	\$1.43
2	2.70	2.57	2.20	1.71	1.48
3	2.80	2.63	2.24	1.76	1.54
4	2.88	2.69	2.28	1.82	1.62
5	2.97	2.76	2.34	1.90	1.72
10	3.61	3.28	2.87	2.58	2.56
15	4.27	3.91	3.60	3.60	3.88
20	4.54	4.19	4.02	4.37	4.88

#### Endowment at 85—20 Payment

Policy	Age	Age	Age	Age	Age
Year	20	30	40	50	55
1	\$2.74	\$3.02	\$3.12	\$3.39	\$3.91
2	2.84	3.11	3.20	3.52	4.10
3	2.95	3.21	3.30	3.68	4.32
4	3.07	3.32	3.41	3.85	4.57
5	3.22	3.44	3.55	4.07	4.86
10	4.24	4.40	4.67	5.75	6.98
15	5.51	5.79	6.44	8.26	9.87
20	6.47	6.99	8.20	10.68	12.50

#### 20 Year Endowment

Policy	Age	Age	Age	Age	Age
Year	20	30	40	50	55
1	\$3.21	\$3.40	\$3.39	\$3.53	\$4.00
2	3.38	3.54	3.52	3.70	4.21
3	3.56	3.71	3.67	3.89	4.45
4	3.76	3.89	3.84	4.10	4.72
5	4.00	4.09	4.04	4.35	5.04
10	5.54	5.56	5.59	6.30	7.32
15	7.61	7.71	8.02	9.19	10.45
20	9.55	9.93	10.63	12.11	13.42

#### Retirement Income—Male at 65

Policy	Age	Age	Age	Age	Age
Year	20	30	40	50	55
1	\$2.66	\$3.04	\$3.38	\$4.43	\$6.08
2	2.75	3.13	3.52	4.79	6.77
3	2.84	3.23	3.67	5.19	7.54
4	2.95	3.34	3.84	5.64	8.39
5	3.09	3.48	4.04	6.15	9.33
10	4.01	4.46	5.59	9.75	16.16
15	5.15	5.88	8.02	15.64	...
20	5.93	7.13	10.63	...	...

### Reliance Life Is Changing Policy Options Jan. 1

Reliance Life is making a number of changes in its policies effective Jan. 1, which are shown in the new rate book being distributed. Guarantees under the options at maturity will be reduced; there will be a reduction from 3½ percent to 3 percent in the guaranteed rate of interest on dividends and G.P.R. (guaranteed premium reduction) coupons left with the company. Maturity values of the insurance with life income policies will be increased, resulting in an increase in the rates on these forms, and there will be a reduction in interest rates on policy loans on new policies only to 5 percent in advance.

#### Changes in Options 1, 2 and 3

On policy options Nos. 1 and 2 the guaranteed rate of interest will be reduced from 3 percent to 2½ percent per annum and on option No. 3 a slight reduction will be made.

The illustrative new rates on the insurance to 65 with life income (male) per \$1,000 of insurance and \$10 monthly income at maturity for 100 months certain and for life, are: Age 30, present annual premium, \$27.65; new premium, \$29.25; maturity values, present \$1,344, new \$1,463; age 40, present premiums \$44.11, new \$46.99; maturity values, present \$1,344, new, \$1,463; age 50, pres-

ent premium \$82.50, new \$88.48; maturity values, present, \$1,344, new \$1,463.

### Washington National Has Retirement Income Forms

Two new policy forms issued by Washington National are retirement income endowment 60 and 65, to males only. They contain the usual provisions of death benefit prior to maturity of \$1,000 or cash value, if greater; at maturity, a \$10 monthly life income, 120 months certain. Maturity cash value: Age 60, \$1,626; age 65, \$1,464. The company has discontinued issuance of its modified life and 20 payment guaranteed cash policies.

The company has revised policy forms using a new schedule of settlement options as shown in the accompanying table.

No. of Yrs.	Annual Installment Payments	Monthly Installment	Monthly Income, Life and Period Certain				
			Age	Payee	10 Years Cert.	15 Years Cert.	20 Years Cert.
1	\$94.65	25.30	\$3.69	\$3.68	\$3.66		
5	\$508.60	18.12	30.35	3.86	3.84	3.81	
10	\$116.18	9.83	40.45	4.34	4.29	4.21	
15	\$83.89	7.10	50.55	5.07	4.92	4.72	
20	\$67.98	5.75	60.65	6.15	5.73	5.26	
25	\$58.62	4.96	70.75	7.58	6.53	5.63	
30	\$52.53	4.45	80.85	8.98	6.99	5.74	

Annual premium for each \$10 monthly life income unit Retirement Income Endowment:

Age	at 60	at 65	Age	at 60	at 65
15	\$21.44	\$17.67	35	\$49.12	\$36.27
20	25.51	20.55	40	65.84	46.44
25	30.87	24.28	45	94.19	62.03
30	38.30	29.26	50	...	88.13

### Baltimore Life Reduces Dividends at Most Points

The dividends payable in 1940 by Baltimore Life on contracts issued on or after Jan. 1, 1938, show a decrease at most points from the tentative schedule that was published when the new rates were adopted. The noteworthy exception to this is the \$5,000 preferred whole life which carries decreases in the later policy years but for the 20 year period is paying higher total dividends.

### Aggressively Developing State of Illinois Offering Unusual Agency Opportunities

#### Liberal First Year Commission and Non-forfeitable Renewal Commissions

Assistance in the Field

Home Office Co-operation

### GLOBE LIFE INSURANCE CO. OF ILLINOIS

W.M. J. ALEXANDER, President  
An Old Line Legal Reserve Company—Established 1895

40 Years of Continuous Faithful Service  
to Policyholders

Writing Complete Line of Modern Policies with  
All Standard Provisions  
Ages (0-60)

Double Indemnity — Disability — Non-Medical  
Modern Juvenile Contracts Full Benefits Age 5

WRITE US TODAY FOR PARTICULARS

431 South Dearborn Street

Chicago, Illinois

Some policy contracts provide slightly higher dividends for the 20 year period, i.e., ordinary life for ages 50 and 55; 20 payment life, ages 10, 15, 45, 50 and 55; 20 year endowment shows a one cent increase for age 50. Sample policy years and ages for four contracts are shown on the 1940 schedule:

Dividends End of Year: Total

Age	2	5	10	15	20	20 yrs.
Preferred Whole Life \$5,000	\$	\$	\$	\$	\$	\$
25	22.15	23.85	27.00	29.80	32.70	220.10
35	24.80	26.90	30.50	34.90	40.55	248.85
45	27.75	31.30	38.45	46.35	53.70	295.45
55	38.00	44.75	55.65	64.90	69.90	422.35

Ordinary Life	\$	\$	\$	\$	\$	\$
15	2.51	2.91	3.62	4.38	5.16	27.50
25	2.81	3.34	4.31	5.38	6.49	31.87
35	3.33	4.11	5.54	7.12	8.61	39.63
45	4.40	5.62	7.65	9.81	11.50	54.19
55	6.41	8.22	10.82	12.76	14.27	78.48

20 Payment Life	\$	\$	\$	\$	\$	\$

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ordinary life rate. The insurance reduces to \$1,000 per \$2,000 unit at age 60 and the premium reduces to \$2.74. Values, however, are not reduced at age 60, but continue to increase. There are cash, loan, paid-up and extended insurance values.

The new policy is issued to men and employed women ages 20-55. Illustrative premium rates per \$2,000 unit are:

	To Age After	To Age After		To Age After	
Age	60	60	Age	60	60
20	\$11.74	\$6.89	38	\$18.53	\$9.73
21	11.95	7.04	39	19.28	10.12
22	12.17	6.39	40	20.09	10.55
23	12.40	6.51	41	20.93	10.99
24	12.65	6.64	42	21.83	11.46
25	12.91	6.78	43	22.59	11.86
26	13.18	6.92	44	23.38	12.27
27	13.46	7.07	45	24.25	12.73
28	13.75	7.22	46	25.16	13.21
29	14.07	7.39	47	26.14	13.72
30	14.41	7.57	48	27.16	14.26
31	14.75	7.74	49	28.26	14.84
32	15.13	7.94	50	29.44	15.46
33	15.51	8.14	51	30.70	16.12
34	15.92	8.36	52	32.03	16.82
35	16.51	8.67	53	33.45	17.56
36	17.16	9.01	54	34.95	18.35
37	17.82	9.36	55	36.56	19.19

#### Reduce Paid in Advance Discount

Reduction in the rate of discount from 3½ to 3 percent allowed on premiums paid in advance is announced by the Volunteer State Life.

#### Joins Mass. Protective as Associate Counsel

Orville F. Grahame has resigned as assistant secretary and a member of the law department of Guardian Life to join Massachusetts Protective, Massachusetts Protective Life and Paul Reverie Life. He will serve as associate counsel, assisting Frank L. Harrington, counsel.

Mr. Grahame graduated from the University of Iowa law school with honors in 1929 and for the past 10 years has been connected with Guardian Life.

Mr. Grahame has frequently contributed to insurance and legal journals. He has taken a keen interest in the various problems involved in the increased use of settlement options. He has given addresses and written treatises on the subject.



Orville F. Grahame

## LIFE AGENCY CHANGES

#### Hintzpeters Join Parsons Agency

Edward C. and Ervin D. Hintzpeters, sons of H. C. Hintzpetter, will join the Mutual Benefit Jan. 1 as unit managers in charge of a branch office of the Bruce Parsons Chicago agency. With the retiring of H. C. Hintzpetter as manager of the Mutual Life of New York, the sons have resigned as assistant managers.

The new unit will occupy offices at 208 South LaSalle street where their father started in the insurance business more than 50 years ago and where they had offices for 14 years. A third brother, H. C. Hintzpetter, III, joins the unit as an agent. The Parsons agency in the 2½ years since it was founded, has become the fourth largest Mutual Benefit agency and will show approximately \$6,000,000 in paid business this

year, exclusive of annuities, a 25 percent increase over 1938.

The Hintzpeters were important factors in their father's agency.

Back of the Hintzpeters lies 51 years of insurance tradition. From the time H. C. Hintzpetter began life insurance selling in Chicago in 1889, the family has never left the business. Edward, at 36, has 17 years experience; Ervin, at 32, has 13, and H. C. III, at 26, has five. The two older brothers hold a unique record of each having sold more than a million dollars of insurance, simultaneously, in three successive years, in addition to supervisory duties. Edward's peak was in excess of \$2,000,000.

E. C. Hintzpetter is a director of the Chicago Association of Life Underwriters and chairman of the publicity committee, as well as a member of the Supervisors Club of Chicago. Ervin D. Hintzpetter is a member of the advisory council of the Chicago association. All three brothers are college men, Edward having attended the University of Illinois.

#### Great West Life Men Promoted



J. N. CONNACHER

The Great-West Life has appointed J. N. Connacher manager of the Hamilton branch and D. C. Scott manager of the London branch in Ontario. Mr. Connacher, who succeeds W. P. Gilbride, now captain in the Canadian Active Service Force, was formerly manager at London. He joined the Great-West at Winnipeg and became a leading producer.

Mr. Scott was formerly supervisor at London. He entered the business in 1935 and after a highly successful personal sales experience was appointed supervisor in 1936. The appointments are effective Jan. 1.



D. C. SCOTT



But no kick  
about 1939—the  
best year yet in our  
more than a half-century.

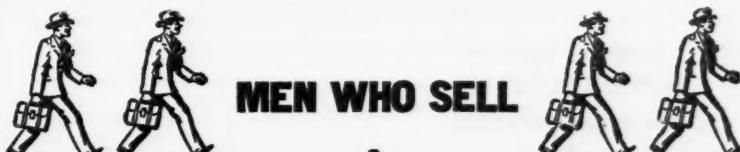
## PROVIDENT Life and Accident Insurance Company

Chattanooga—Since 1887—Tennessee

**LIFE** **SELL THEM WHAT THEY WANT**  
**ACCIDENT** **HEALTH**

Sell the public  
what it wants—  
complete personal protection. You can  
build a good volume with the Federal  
Life and Casualty's accident—health—life protection for both men  
and women and juvenile life for children. Territory open in 30 states.

**FEDERAL LIFE AND CASUALTY CO.**  
DETROIT - - - MICHIGAN



MEN WHO SELL

Designate the ROCKFORD LIFEMEN — Why?

Because they are making SALES virtually every day. They have a policy for every need (from one year renewal term to 10 year endowment) and an amount for every purse (from \$100 to \$100,000). Investigate why our field force is growing rapidly.

**Rockford Life Insurance Company**

Francis L. Brown, President

Rockford, Illinois

nois, Eryin both Illinois and Northwestern, and Herman, the University of Arizona.

#### Carstens with United L. & A.

The United Life & Accident has appointed Otto E. Carstens general agent for northern New Jersey, with headquarters in Newark, supervising eight counties. He has been in life insurance nearly 25 years, with the Travelers nearly 22 years, more recently general agent Midland Mutual Life and just before that production manager of the W. S. Vogel agency of Columbian National Life in Newark.

He is a former president of the Life Agency Supervisors Association of Northern New Jersey.

#### Moore Opens Amarillo Agency

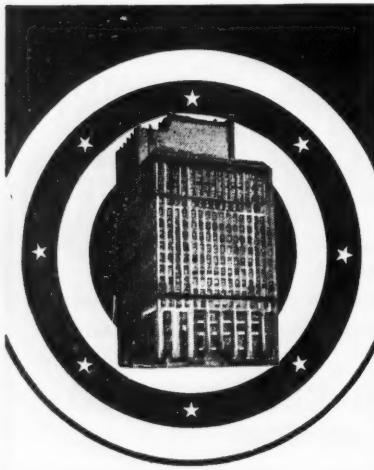
Zeb A. Moore, who has been associated with E. N. Hudgins in the Memphis, Tex., district agency of Kansas City Life for nine years, has moved to Amarillo, Tex., and has opened offices at 822 Oliver-Eakle building for that company.

#### Name Alabama General Agents

M. A. Ellison and H. Rodman Martin have been named general agents for Alabama by the Volunteer State Life. Mr. Ellison will head the main office in Birmingham while Mr. Martin will operate the branch office at Huntsville. Both Mr. Ellison and Mr. Martin have long records of insurance experience.

Thomas A. Wright has been appointed district manager by New England Mutual Life at San Jose, Cal.

That the chances of the average American child becoming an orphan before reaching the age of 17 are approximately one in nine, assuming that the average age of the father at the birth of the child is 32 years.



**General Agency  
OPPORTUNITIES  
for good personal  
producers**

**Central Life  
INSURANCE COMPANY  
of Illinois**  
ALFRED MacARTHUR, PRESIDENT  
211 WEST WACKER DRIVE, CHICAGO

## Northwestern Mutual Veteran at Greensburg Retires



GLENN G. VANCE



E. J. KOOP



L. C. WINSON

#### Chaney Appointed Manager of Training Department

The Hays & Bradstreet agency of the New England Mutual Life in Los Angeles has appointed Homer C. Chaney



HOMER C. CHANEY

manager of its training department.

The training department was set up as an independent unit of the agency two years ago to give men without previous experience the fundamentals of instruction and practice. Enrollment is limited to five men at any time. Quarters are entirely separate from those of the regular agency staff. Each man's training period lasts at least one year. Of the new agents who have had the benefit of this preparation, one has already qualified for the Million Dollar Round Table; another just chalked up his 93rd tally of consecutive weekly production; several others are well up among the company leaders.

Until now, the department has been under the direction of Rolla R. Hays, Jr. Since the reorganization of the agency in 1938, following the appointment of his brother, W. E. Hays, as director of agencies at the New England Mutual's home office in Boston, Rolla Hays' responsibility for the other activities of the agency has been greatly increased, and Mr. Chaney has been selected to carry on with the training department.

Mr. Chaney is a graduate of Pomona

agent in 1901, district agent in 1907 and general agent in 1909. He has been a large personal producer through the years and has established a splendid record.

E. J. Koop, California, Pa., and L. C. Winson, West Brownsville, Pa., special

agents under Mr. Vance, have been appointed as co-general agents. Mr. Koop has been with the Northwestern Mutual since 1922 and Mr. Winson since 1934. Both have received many production awards. They are thoroughly familiar with operation of the office.

College and is a Phi Beta Kappa. He entered life insurance in 1937 as the first member of the new training department.

#### Meyer Succeeds Canfield

A. C. Meyer, who has been district manager for the Old Line Life of America at Fond du Lac, Wis., in the John L. Fox general agency, has been appointed general agent in northern Wisconsin to fill the vacancy caused by the recent death of Mel T. Canfield of Antigo, Wis. Mr. Meyer was inducted into the business by his father, W. A. Meyer, district agent at Shawano, Wis., and later was transferred to become district manager in the Fox agency at Fond du Lac.

Mr. Fox has announced that Ray D. Voboril, special agent at Adams, Wis., has been promoted to district manager with headquarters in the National Exchange Bank building at Fond du Lac.

#### Wing Named at Portland, Ore.

Roscoe Wing has been appointed manager of the Portland, Ore., office of the Fidelity Mutual Life. He formerly had been general agent of the Penn Mutual Life at Portland, Me., but resigned and went to the coast for the benefit of Mrs. Wing's health.

#### Simons St. Louis General Agent

Holmes Simons has become St. Louis general agent of the Security Mutual Life of Lincoln, Neb. He formerly was special agent of the Massachusetts Mutual Life and before that was with the Fidelity Mutual Life in St. Louis.

#### Columbia Life Deal Approved

CINCINNATI—Stockholders of Columbia Life have approved the reinsurance contract with Ohio National under which the latter assumes the assets, good will, and liabilities of Columbia under a  $7\frac{1}{2}$  year management period, during which any profits from operation, less an annual fee of \$2 per \$1,000 business in force, will be paid Columbia, which will receive an estimated \$141,163 at once.

The reinsurance plan is being submitted to the Ohio department Thursday afternoon. If approved by the department, the plan will go into effect Jan. 2.

#### Texas Manager Appointed by Protective Life



H. C. COOK

H. C. Cook of Waxahachie, Tex., has been appointed to direct and develop Protective Life's agency organization throughout Texas. President W. J. Rushton, and Vice-president A. C. Wellman were in Texas for several days meeting representatives and making plans for an immediate intensive development of the state.

Mr. Cook is one of the most successful life insurance men in the southwest. He is a native Texan, was born in Waxahachie, attended public schools there and was graduated from Trinity University. He has been actively engaged in field work for over 25 years and made an outstanding record as a personal producer, general agent, state manager and field executive. His entire business career has been in life insurance, the greater part of the time with Protective Life. He expects soon to establish a number of new agencies at various points.

Protective Life has operated in Texas for over 25 years and has several millions of insurance in force there.

## LEGAL RESERVE FRATERNALS

### Ben Hur Takes Over National Union

National Union Assurance of Toledo has been reinsured by Ben Hur Life, Crawfordsville, Ind., effective Dec. 21.

There had been a 7 percent lien on National Union reserves for the last six years, this percentage being deducted in case of surrender and 4 percent of the 7 percent being deducted from death payments. A 10 percent lien is being imposed, this replacing the 7 percent lien. It does not take effect on death claims until after July 1, 1941, and is on net interim reserves, not on face amount of certificates. Lien interest will be 4 percent.

National Union, as of Dec. 31, 1938, had admitted assets of \$7,663,636, insurance in force \$18,873,153, and 18,065 members. Insurance in force decreased about \$2,000,000 from Dec. 31, 1937. Total received from members was \$712,590, and total income was \$1,193,924. There was \$248,254 cash, \$2,488,882 book value of bonds, \$878,320 certificate loans, \$557,187 first mortgage real estate loans and \$2,852,300 book value of real estate, including the home office building at Toledo.

#### Difficulty with Real Estate

Its difficulty principally arose over the real estate item. In the depression period National Union was forced to take over nearly \$3,000,000 of real estate under foreclosure. Much of this was rehabilitated, but because of the depressed market very little was sold.

Ben Hur Life which was formed in 1894 at the end of last year had \$10,936,392 admitted assets and \$54,566,140 insurance in force. Total membership was 71,260, with 53,507 adults and 17,753 juveniles. John C. Snyder is president.

Combined assets will be about \$18,000,000 and combined insurance in force \$73,000,000.

National Union was organized in 1881 at Mansfield, O., moving shortly to Toledo. It originally was on the step rate plan but adopted a level premium plan in 1904 and in 1918 went on the legal reserve basis. It is now on the 3 percent table but much of its business written in years past is on 3½ and 4 percent basis.

Henry C. Smale has been president for the last seven years, having taken over in the hope of reorganizing the society on a sound basis. He had previously

been president for the two years 1910-12. His headquarters is in the Chicago office where he has managed the Chicago business for about 20 years. This office will be maintained by Ben Hur with Mr. Smale in charge.

Mr. Smale has been active in the National Union since 1900, having been connected with the society since 1891. For many years he was general superintendent of deliveries of the Chicago post office. E. A. Myers, secretary, becomes associated with the Ben Hur home office.

National Union delegates held their convention at Toledo last week, ratifying the merger deal by the required two-thirds vote. It was approved by the Ohio and Indiana departments. The Ben Hur directors and convention also ratified it.

National Union officials under the arrangement will receive salaries to the end of their terms, Sept. 30, 1940. The Ben Hur executive committee is being increased from five to seven members, and two representatives of National Union interests will be elected to fill the extra posts.

### Curtis Wins C. L. U. Degree, Enters Old Line Agency

LOS ANGELES—John F. Curtis, representative and field organizer of Independent Order of Foresters since 1929, has the distinction of being the sole representative of the fraternal life insurance institution who has won the coveted C. L. U. degree from the American College of Life Underwriters. He is a member of the Los Angeles C. L. U. chapter.

Mr. Curtis was born in California, attended University of California, and after graduation in 1929 joined the Foresters field force. Since then he has written insurance for more than 2,000 persons.

He has been conducting an organized study of law, investments, economics, sociology, political science, principles of life underwriting and allied subjects for many years. The degree was awarded at conferment exercises in St. Louis.

Mr. Curtis, Dec. 1 went with John W. Yates, general agent Massachusetts Mutual at Los Angeles.

The C. L. U. designation is not awarded to fraternalists although there was negotiation on the matter some time ago. The F. I. C. (fraternal insurance counselor) degree was initiated for fraternalists.

### Royal League Planning Trip to Black Mountain, N. C.

An all expense rail tour for members and their friends to the Fellowship sanatorium at Black Mountain, N. C., with sightseeing trips in that beautiful country, is being offered by the Royal League of Chicago. The tour, by special all Pullman airconditioned train, will be July 4-7, 1940. Representatives can pay for part or all of the expenses by producing certain amounts of business. This is the first trip of the kind projected by Royal League and is to be conducted under the auspices of the Fellowship association which operates the sanatorium.

Those who go on the trip will be met at Asheville, N. C., by special buses and taken to their hotel. On July 5 an 80 mile sightseeing bus trip to Mt. Pisgah and the Smoky National Park is planned, with a dinner dance in Asheville that night. The next day there will be a bus trip to Mt. Mitchell game

### SOME PERTINENT FACTS ABOUT Supreme Forest WOODMEN CIRCLE

• Total Membership.....	132,982
Total Protection .....	\$107,701,046.00
Written in 1938 .....	11,629,606.00
Benefits Paid in 1938 .....	1,893,522.35
Benefits Paid since Organization in 1895 .....	40,445,656.11

Dora Alexander Tally, President  
Mamie E. Long, Secretary  
Home Office, Omaha, Neb.

refuge and in the afternoon the party will go to the sanatorium. The return trip will be started that night.

The annual call for the 1939-40 thank offering to help maintain the sanatorium has been sent out by Fred A. Johnson, association president and vice-archon Royal League. The sanatorium, which is most modern and well equipped, was built with funds contributed by members and has been in operation since 1905.

Recently new mattresses, covers, pads, sheets, pillowslips and double woolen blankets were provided for all beds through funds secured by raffling a fine handmade shawl contributed by a member. There is an allwave radio with bed phones for each patient and a moving picture machine for entertainment.

### Several Men Are Advanced in Lutheran Brotherhood

Several men were advanced by Lutheran Brotherhood of Minneapolis at the quarterly board meeting. Fred C. Mueller, who has been assistant secretary for 11 years, was advanced to secretary. W. G. Fisher was named assistant to the president, a new position.

J. A. O. Preus, chairman; Herman L. Ekern, president, and L. L. Johnson, executive vice-president and treasurer, were re-elected for a period of four years. Other executives re-elected were: Otto Mees, second vice-president and director; Dr. P. O. Bersell, third vice-president and director; C. O. Teisberg, extension vice-president and Dr. J. R. Peterson, medical director. N. K. Neprud is superintendent of agencies, and Ingolf Lee, assistant actuary.

### W.O.W. Drive Produces \$18,776,752

OMAHA—Woodmen of the World in a 60-day membership campaign produced new business totaling \$18,776,752. National leader was L. A. Richard of

Eunice, La., with \$176,500. Next was H. R. Miller of Newfoundland, Pa., with \$142,000.

Sixteen states exceeded their record in a similar campaign of one year ago. Highest state was Texas with \$2,876,500. North Carolina was second with \$1,962,600.

### Confirm Hackett as President

Henry H. Hackett, who has been acting president of Gleaner Life of Detroit since the death a few months ago of H. P. Orr, has now been officially elected president. The election took place at the biennial convention at Jackson, Mich.

### Actuary Can Be Examiner

AUSTIN, TEX.—The actuary of the Texas insurance board may be commissioned as an examiner and compensated on the basis of the new out-of-state company examination act during the period he is so engaged, Attorney-general Mann has ruled. The opinion was delivered in connection with the payment to George Van Fleet, actuary, who engaged in an examination of the American Life of Detroit. He was compensated \$450 regularly monthly salary plus the amount as an adjustment on the examination work, for which the rate of pay normally would be \$20 a day.

The Chicago Claim Association held its Christmas party at the Sportsman's Club. R. P. Gainier, New York Life, president, was master of ceremonies.

Doctors are especially good prospects because they are dependent on their own activities and have no established business to carry on for them if they are taken out of the picture. Doctors are busy and do not have the time to supervise the investment of money and the complete investment protection service rendered by life insurance appeals to them.

## Our Men



SUCCEED because they represent a successful institution. Our men don't have to sell their clients on the safety and reliability of The Maccabees. Our records of 60 years of service, quarter of a million members and 250 million dollars in benefits paid, do that. Their only job is one of diagnosing the needs of their clients and writing the insurance necessary.

If you want a position where your success is limited only by your ability, and you can meet our requirements, write us. We may have a place for you.

# The Maccabees

Detroit, Michigan

THE WOMAN'S BENEFIT ASSOCIATION  
Founded 1898  
A Legal Reserve Fraternal Benefit Society  
Bina West Miller, Supreme President  
Frances D. Partridge, Supreme Secretary  
Port Huron, Michigan

## COAST

## Keesling Forms New Law Firm

SAN FRANCISCO—Francis V. Keesling, president West Coast Life and prominent attorney, has formed a new legal firm, Keesling, Wayland & Elliott, with offices in the California-Commercial Union building, San Francisco. Members are Mr. Keesling, Francis V. Keesling, Jr., Charles R. Wayland and John G. Elliott. Mr. Keesling, Sr., is past president of the American Life Convention, the Association of Life Insurance Counsel and the Stanford Law Society.

## Heney Named at San Francisco

F. H. Heney was appointed home office representative of the John Hancock group department in San Francisco. He joined the company in July, taking special training at Los Angeles under C. L. J. Fee, Pacific Coast group sales manager. Mr. Heney will have a wide territory, including several western states. He formerly was with the Williamson agency of Prudential at San Francisco.

## California Tax Refund Sought

SAN FRANCISCO—The Union Central Life has filed a claim with the California division of insurance requesting

a refund of \$2,205 on an alleged overpayment on premium taxes in 1935, 1937 and 1938. The demand is based on the findings in Equitable Society vs. the state treasurer, now pending on appeal before the state supreme court.

Before acting on the claim Commissioner Caminetti requested an opinion from Attorney-general Warren, who advised waiting until the supreme court has settled the question.

In another opinion the attorney-general advises that insurance companies may invest in federal savings and loan association shares.

## Vote on Reserve Loan Deal Jan. 15

A contract has been drafted, designed to accomplish the reinsurance of the business of the Reserve Loan Life of Indianapolis in the Reserve Loan Life of Texas, recently organized. The contract will be acted upon at a stockholders' meeting of the former company, Jan. 15 and 30 days thereafter, if approved, will be submitted to the directors. If the directors approve, then the proposal will be submitted to the Indiana and Texas departments for final approval. Employees at the Indianapolis office have been advised that those who desire may have positions with the Texas company.

The Pan-American Life has declared a dividend of 40 cents a share payable Jan. 2 to stockholders of record Dec. 19.

## AGENCY MANAGEMENT

## Bethea to Head New York Managers

NEW YORK—The nominating committee of the Life Managers Association of Greater New York has presented its recommendations. Osborne Bethea, Penn



OSBORNE BETHEA

dinner here Jan. 15 to honor leading agents. Two leaders in each agency will be entertained, one selling the most insurance and the one insuring the largest number of lives. They will be presented with trophies by Superintendent Lloyd. Outstanding business and professional men in Columbus and central Ohio also will be guests. B. C. Forbes, editor of "Forbes Magazine," will speak.

## Eastman Heads Pittsburgh Cashiers

The Pittsburgh Agency Cashiers Association has elected the following officers: President, R. K. Eastman, Mutual Life of New York; vice-president, H. P. Kinast, Pacific Mutual Life; secretary, Miss M. G. McLaughlin, Connecticut General; and treasurer, E. S. Newman, General American Life.

## Annuity Not Subject to Minnesota Blue Sky Law

ST. PAUL—An annuity contract issued by a licensed insurance company is like any other policy of life insurance and is not a security or investment contract subject to the blue sky laws of Minnesota. The Minnesota supreme court so ruled in affirming a lower court verdict in favor of the Equitable Life Society.

A 62-year-old woman had taken out an annuity contract under which she paid down \$1,500 and was to receive the annuity in quarterly payments. Only four payments had been made when she died. The executrix claimed that as the Equitable was not licensed under the blue sky laws it had no authority to issue such a contract. She sued for the full amount paid in, less the four payments made prior to the death of the annuitant.

In ruling in favor of the Equitable, the high court gave a strong endorsement to annuity contracts, saying that "every reasonable safeguard is provided that the public may not be subjected to the losses and impositions that often attend fly-by-night concerns against which the blue sky laws are specifically directed."

## Gillis Agency Forms Leaders Club

NEWARK—The members of the Alexander F. Gillis agency for the Provident Mutual Life, have formed the "Agency Leaders Club," which will meet monthly for dinner followed by a social evening. The qualification for attendance is four lives or \$12,500 paid business a month. The leader for the year just closing is Frank W. Henson, with Henry Feustel a close second and Clyde Baer, third.

## To Honor Leaders at Columbus

COLUMBUS, O.—The Managers & General Agents Association will give a

J. M. Berry has been appointed manager of the Gastonia, N. C., office of the Pilot Life. He was previously at Union, S. C.

## LIBERAL AGENCY CONTRACTS

The Victory Mutual Life Insurance Company Can Offer Liberal Agency Contracts to Life Agents of Proven Ability, in Illinois, New York, Ohio, Indiana and Washington, D. C. Write or Call for Agency Information. Victory Mutual Life Insurance Company, 2303 - 7th Avenue, New York City.



When Writing to Advertisers  
Please Mention  
THE  
NATIONAL UNDERWRITER

## INDIANA

Haight, Davis & Haight, Inc.  
Consulting Actuaries  
FRANK J. HAIGHT, President  
Indianapolis—Omaha

## SENATOR BURKE URGES U. S. CONTROL BE FOUGHT

(CONTINUED FROM PAGE 1)

power are conducted by the different departments and agencies, and they present the evidence before the whole committee. Thus, the presentation of evidence is largely controlled by the administration. Final recommendations of the committee will be similarly controlled if one or two of the six members of Congress approve proposals of the six departmental representatives.

### Avoiding a Witch Hunt

Senator Joseph C. O'Mahoney of Wyoming, chairman, and Representative Hatton W. Sumners of Texas, vice-chairman, have tried to keep the investigation on an objective basis and to avoid anything resembling a 'witch hunt.' They have been successful to a considerable degree. The public hearings, which commenced in December a year ago and are still in progress, have been, on a much higher level than most investigations of a comparable nature. The facts assembled and analyses made will be of great value in the consideration of economic problems covering a wide range. No similar inquiry of a comprehensive character has been made for many years. The facts and conclusions in earlier studies are out of date by reason of economic changes during periods influenced by the world war, the recent depression and the new European war.

"While the usefulness of the assembling of basic facts must be conceded, this does not mean that the interpretation placed upon them by the committee or its recommendations should be accepted without careful consideration.

"The line of inquiry, as required by the resolution of authorization, has followed the course charted in the President's message to Congress. The social and economic views of the administration have been dominant.

"Specifically, the departmental representatives who have been most conspicuous in the hearings have a strong bias against big business. They believe firmly that a concentration of power in the federal government is necessary to break up a concentration of power in private industry. They see monopoly in every large aggregation of capital and are prone to overlook such benefits as are derived by the masses of our population. They think our economic system has failed and that far-reaching changes must take place. The structure which they envision has more resemblance to socialist and fascist states than to the American system of free enterprise.

### Evidence of Astigmatism

"That the subject of life insurance should be brought into an investigation of monopoly is symptomatic of the astigmatism which has affected the viewpoint in these quarters. No one has made any charges reflecting on the soundness or the management of life insurance companies. There were not even assertions as to the absence of competition between the larger companies and those with a less formidable array of assets. The public generally had been impressed with the manner in which the insurance companies survived the depression. Only the inhibitions of limited incomes were holding back a tremendous rush toward the use of savings in insurance in preference to all other forms of investment.

"The one and only reason for the investigation of insurance companies may be found in the large amount of wealth represented in these companies. In this aggregation of wealth were seen evils because of a concentration of economic power.

"The original suggestion for the inclusion of insurance companies in the inquiry may be found in the President's message to Congress. He said:

"The tremendous investment funds controlled by our great insurance companies have a certain kinship to investment trusts, in that these companies invest as trustees the savings of millions

of our people. The Securities & Exchange Commission should be authorized to make an investigation of the facts relating to these investments with particular relation to their use as an instrument of economic power."

"The President's statement was referred to as the basis of the inquiry when the Securities & Exchange Commission commenced its presentation of evidence with respect to insurance companies before the monopoly committee Feb. 6, 1939.

"William O. Douglas, then the chairman of the Securities & Exchange Commission and a member of the monopoly committee and subsequently appointed as an associate justice of the United States Supreme Court, said in an introductory statement:

"The President, in his message to the Congress, spoke of the tremendous investment funds controlled by our great insurance companies and asked that authorization be given to investigate the manner in which these investments are used as 'an instrument of economic power.' It is on this broad problem that we will present to the committee facts concerning the insurance business...

### From Wall Street to Main Street

"It is our present task to survey the economic power inherent in the vast investment funds controlled by the insurance companies and to study the impact of that power upon our national economy. The scope of our problem of necessity takes us from Wall street to Main street, from the capital markets and financial centers of the east into the farm lands of the west and south. It will properly bring us in time to a consideration of the extent to which insurance company influence permeates areas of national importance, such as the capital markets, the supply of mortgage funds available to farmers, railroad reorganization, and perhaps the financing of low-rent housing. It will of necessity demand inquiry as to the future of investment banking in this country, and, indeed, the extent to which insurance companies have come to dominate securities issuers, underwriters and investors. These are not boundaries of our making. They inhere in the character of the insurance business."

"Examination of part 4 of the printed hearings of the committee, which consists of nearly 500 pages of testimony and exhibits relating to insurance, discloses much evidence as to the soundness of insurance companies, the efficiency of their management, their large resources and the commanding position they occupy in the financial world. One searches in vain, however, for specific charges as to any conspiracy among the insurance companies for the use of their resources in a concerted program involving the exercise of economic power, or even as to the use of funds of any particular company with a view of exercising such power. Nowhere in the testimony does there seem to appear any evidence that the effect of the investments made by the insurance companies as a whole has been injurious to our economic structure.

### Cites Preliminary Report

"The preliminary report made public by the committee last July contains a section of insurance, but here again it is impossible to find anything indicating that the concentration of economic power in the insurance companies through large investment funds has had adverse effects upon the general public. In this report it is stated that 'the first hearings on insurance were primarily important for establishing certain facts with respect to concentration of control of life-insurance assets and perpetuation of managements.' It is noted that in 1937 there were approximately 398 legal reserve life insurance companies with total assets in excess of \$27,650,000,000,

that these companies had about 64,000,000 policyholders and that at the end of 1938 the insurance in force amounted to about \$110,000,000,000. It is further noted in the report that legal reserve life insurance companies have absorbed more and more of the country's savings, that in 1937 the assets of these companies exceeded by almost \$10,000,000,000 the combined assets of savings banks and building and loan associations in this country and were far greater than the savings deposits in state and national commercial banks. It is also noted that while the population has doubled since 1890, the insurance assets have been multiplied 25 times. So great have the assets become, the report states, that industry and government discover themselves increasingly dependent upon life insurance companies for essential financing. To illustrate this point the report states that on Dec. 1, 1938, the 49 largest legal reserve life insurance companies owned 11 percent of the direct and guaranteed debt of the United States government, 9.9 percent of all state, city, municipal, and political subdivision debt, 22.9 percent of all railroad bonds, 22 percent of the entire public utility debt, 15 percent of the industrial debt, 11 percent of all farm mortgages, and 14 percent of all city mortgages.

"To a layman these figures would seem to offer impressive evidence that the insurance companies have played a tremendously helpful part in the financing of our industry and agriculture and in making it possible for our governmental bodies to operate on a deficit basis without disaster.

### No Criticism Is Included

"The report contains not a word of criticism as to the use made by the insurance companies of their funds. There is not a line to indicate that a single policyholder in a solvent company has ever lost a dollar. Not a word is said about any insolvent companies, which evidently have been so few in number as not even to justify mention. There is no suggestion of the need of emergency or other legislation. Presumably that will come later.

"One gets only a vague hint as to what is in the wind. The report notes that the 25 largest insurance companies own 87 percent of all the assets, 16 of the 25 own 80 percent, and the five largest own 54 percent. It is further asserted that the direction of the investment of the huge reservoir of funds rests with the officers of a comparatively few companies in a limited eastern area, and that 16 companies whose home offices are located in the New York area and in New England own 74 percent of all the assets.

"General observations with which the committee concludes its preliminary report also are significant. The committee states that the tendency toward the concentration of control of the economic system in fewer and fewer business executives seems proved, that the consequence of the tendency is a steadily lessening number of competitors, that the financial and other resources required for economic endeavor are becoming increasingly difficult for the ordinary enterprise to obtain and that concentration of economic power and wealth is accompanied by increasing unemployment and narrowing markets.

### Offered No Remedy

"In its preliminary report the committee did not offer a remedy. It is obvious that in the final report some sort of a plan or plans will be presented for greater governmental control of business and industry.

"In a nutshell, the investigation of insurance companies seems intended to establish the existence of a concentration of wealth which will be offered as prima facie evidence of the need of governmental control.

"The premise in this inquiry, as in

others recently conducted, is that big business is essentially evil and that the existence of unemployment proves that contention.

"This particular matter represents merely one phase of the movement toward a planned economy, a movement so dear to the hearts of many advanced thinkers. It is proposed, and much of the program already has been enacted into law, that federal bureaucrats shall supervise the management of our industry, agriculture and finance. Control is to be taken away from private business men, farmers and financiers and vested in the government. The pattern is strikingly similar to that which has been followed in the totalitarian countries of Europe but is in violent conflict with our system of free enterprise.

### Economic Planners Want Power

"In this particular case the economic planners want to obtain control over the investment of funds by the insurance companies. It is part of a policy for a rationing of capital as a means of directing the course of industry and agriculture.

"The drive against the insurance companies, which undoubtedly will result in a proposal for legislation to give the Securities & Exchange Commission and possibly other agencies authority over them is not actuated by any concern for the safety of the funds of policyholders but is part of a much broader movement to vest in the government complete economic power.

"Again and again during the hearings it was emphasized that no question was being raised as to the soundness of the companies.

"Mr. Douglas in his opening statement said:

"At the outset, I want to make clear that this inquiry does not attack and in no way questions the adequacy of the reserves of any insurance company within its scope. Under State laws the legal reserve companies are required to set aside in restricted investments, funds sufficient to assure that each policyholder will receive the amount of his policy when his risk matures. No policyholder need have any concern that any fact brought out in this inquiry will in any way jeopardize the protection which he counts upon through his insurance policy."

### Word of Dr. Davenport

"Dr. Donald H. Davenport, special economic consultant to the insurance section of the Securities & Exchange Commission, one of the chief witnesses presented by the commission, told the committee that, despite the depreciation of real estate and similar losses, the strength of the insurance companies was unimpaired and that there was no suggestion of possible insolvency.

"In connection with a chart showing the operations of the four chief types of savings institutions, the life insurance companies, the mutual savings banks, the building and loan associations, and the savings departments of the commercial banks, Dr. Davenport said:

"The chart based on the aggregates reflecting the growth of these four types of savings institutions in the United States raises certain questions to which we cannot give final answer at this time; however, it is apparent that the life insurance companies have never shown a decline. Every year for which figures are available total assets of life insurance companies show an increase over the assets of the year before. This was true in 1918, the year of the influenza epidemic when death losses were exceptionally high. It was also true throughout the depression years of 1932, 1933, and 1934. In this respect the life insurance companies are unique among financial institutions. The reasons for the momentum which has carried the life insurance companies ever upward are many. Among them may be mentioned the fact that premium receipts, which constituted about 72 percent of their total income in 1937, have been almost always more than sufficient to meet expenditures for all purposes."

"At the conclusion of the insurance

hearings Senator O'Mahoney, chairman of the committee, in a statement to the press asserted that the evidence submitted had 'amply justified' the statement by Mr. Douglas at the outset that 'no policyholders need have any concern that any facts brought out in the inquiry would in any way jeopardize the protection he counts upon.' Senator O'Mahoney said that 'nothing whatever has developed at the hearings to reflect upon the integrity or the ability of the men who administer these huge organizations.'

"Senator O'Mahoney added:

"I am personally satisfied that there is not a single responsible official of any of these companies who is not as sincerely interested in restoring and promoting economic prosperity in the United States as is any public official, and I cannot forego taking advantage of this opportunity to thank the insurance leaders for the cooperation which they gave to the committee."

"It would be a mistake to let the testimony which was produced with respect to the pure formality of the election of officers and directors in some of the companies cast a reflection on either the companies or their officers, and I trust that no one has gained any such impression. So far as any testimony produced before the committee is concerned, all of these companies are operated in full compliance with the laws of the state by which chartered and in which they operate."

#### Health Promotion Service

"Although the attorneys and experts of the Securities & Exchange Commission who were in charge of the presentation of evidence were not greatly interested in anything except a possible concentration of economic power, the hearings contain considerable testimony as to the valuable contribution of the insurance companies to the prosperity of the nation. Besides providing protection for the future and safeguarding savings of policyholders, the companies were shown to have done much toward promoting the health of the people and extending the average length of life.

"Another aspect of the insurance situation which those presenting the evidence to the monopoly committee were not anxious to emphasize was the adverse effect of present government policies upon the companies and upon policyholders.

"The so-called easy money policy, which has been promoted by the administration both as a means of providing low interest rates to industry and to facilitate the financing of treasury deficits, has seriously affected insurance companies, endowments, and other institutions and private citizens dependent upon income from investments. Testimony before the monopoly committee showed that the insurance companies have had increasing difficulty in finding investments with satisfactory yields because of the prevalent low interest rates and that the lower earnings have been reflected in dividends to policyholders. Furthermore, the companies have been forced to increase greatly their holdings of government securities. The large percentage of the public debt held by the insurance companies is not due to any desire of the companies for economic power but rather to the increasing monopolization of investment opportunities by the government which has made such a trend unavoidable.

"Inflationary trends under the present administration also have been a menace to the insurance companies. If there should be a runaway speculative boom, which could easily occur on the basis of enormous excess banking reserves, the depreciation in the purchasing power of

money would deal a severe blow to holders of insurance policies. If interest rates should rise to a level which was normal a few years ago, it would mean a decline in the market value of the companies' large holdings of government securities to a point below par, with a consequent heavy loss.

"Statistics which appear in the printed hearings of the committee show that on December 31, 1938, 17.9 percent of all life insurance assets was represented by securities of the United States government. A decade ago in 1929 only 2 percent of life insurance assets consisted of government securities. The part of total assets represented by farm and city mortgages has greatly decreased, which may be attributed to the responsibility assumed by the federal government in these fields.

"Various federal policies, including low interest rates, enormous expenditures of the government in disregard of a balanced budget, and the paternalistic trend shown in relief and social security programs, have all tended to weaken the habit of thrift which formerly was ingrained in the American people. The alarming tendency to depend on the government for security, not only in old age but in the prime of life, cannot fail to retard the expansion of the business of the life insurance companies.

#### Menace of Federal Competition

"Another possible menace to the companies is federal competition. The proposal has recently been renewed for a voluntary system of old age pensions under the government. Under the plan the government would engage in the insurance business for the purpose of providing annuities to persons with small incomes at a cost less than is possible through private companies. Congress refused to approve this scheme when it was presented by the administration at the time of the enactment of the social security act because of possible injurious competition in an important field of private business. That the proposal should be renewed is indicative of the constant trend toward a socialization of business and industry.

"Just what the federal bureaucracy would desire with respect to a new allocation of investments by the insurance companies in various fields of industry, agriculture and finance is not clear. It seems obvious that the concentration of economic power in Washington would be far more dangerous than any present concentration in the areas where the principal financial markets are located and which operate under our system of free enterprise.

#### Can't Destroy State Sovereignty

"Furthermore, the need of the assumption of regulatory authority by the federal government has not been made evident. The evidence before the monopoly committee does not appear to show any laxity in the supervision of the insurance companies by the states. Any regulation imposed by the federal government would be superimposed upon that of the states. While the federal government may encroach upon the sovereignty of the states, as it is doing increasingly with respect to the regulation of business, industry and agriculture, it cannot destroy their sovereignty. The result of federal regulation would be a new burden on the insurance companies. Already the taxes to which they are subject both at the hands of the states and the federal government are very heavy. Any extension of federal authority probably would mean more special taxes, ostensibly in part to finance the added cost of administration. The policyholders would lose more than they could possibly gain from federal supervision.

"The movement with respect to federal control of the life insurance companies presents a definite challenge to American principles of government. It represents an encroachment upon the sovereignty of the states which has not been shown to be justified. It involves an assumption of economic power in the federal government which follows trends

in Europe but is inconsistent with practices generally accepted until very recently in the United States. It raises an issue which must be met if the tendency toward a startling centralization of power in Washington is to be checked."

#### Teachers Told Students Need General Background

(CONTINUED FROM PAGE 3)

lated professions have established the specialist as a necessity to the ultimate development and rounding out of comprehensive functioning in the different fields. At the same time, the dangers of specialization have become apparent and professional men generally realize that a specialist must first be educated and trained as a general practitioner.

Mr. Miller accordingly recommended that any person who specializes in a particular field of insurance should first have a comprehensive knowledge of the entire field. As a logical development of this, considering insurance itself as a specialized field of business, he said that leaders in the field of insurance education have a responsibility to establish admission requirements for insurance students on a basis which will give them a general knowledge of business as a whole. Previous or simultaneous education, training or experience in the general field of business and economic activity is essential for a real understanding and appreciation not only of the needs of the business for insurance of various types, but also of the background or foundation from which to project, develop and adapt insurance to the needs of businesses and individuals.

#### Discussion by Blanchard

Discussing Mr. Miller's paper, Prof. R. H. Blanchard of Columbia University said that there is probably less general knowledge and understanding of insurance than of any other important business or economic subject.

"Business men who scrutinize and plan their other programs and expenditures with the greatest care often abdicate when insurance comes up for consideration," he said. "They seem to feel that here is a mystery which they could not penetrate if they would. And my colleagues in the field of economics have much the same attitude. When they reach insurance they are baffled or become the victims of specious reasoning and naive acceptance of words and figures.

"Insurance teachers have devoted themselves most to the operation of the insurance business, to discussion of theory and practice in the sound insurance structure which has been built up by insurance business men and actuaries under the supervision of state insurance departments. I believe, with Mr. Miller, that without neglecting the work which we now do, we could profitably devote more attention to the use of insurance, both in our teaching and in our research activities.

"The greatest service we can render is to promote clear, informed thinking on insurance. Everyone concerned with insurance will be better served if such thinking is applied not only to the management of the insurance institution itself, but also to the use of insurance by the insured."

#### Eight Metropolitan Men Are Advanced

(CONTINUED FROM PAGE 3)

ters and the filing of annual statements. He has been a fellow of the Actuarial Society of America and the American Institute of Actuaries since 1926 and an associate of the Casualty Actuarial Society since 1925.

Mr. Clair will be associated with third vice-president Earl O. Dunlap in the supervision of the auditing and accounting systems and related functions of Metropolitan. Entering the company's service in 1925, he has been employed in its ordinary department in various cler-

ical and supervision positions. He has been a fellow of both the Actuarial Society and American Institute since 1931.

Mr. Chapman has been in the service of Metropolitan since 1927. He has been a fellow of the Actuarial Society of America since 1933 and a fellow of the Institute since 1935.

Mr. Fitzhugh has served in the Metropolitan actuarial division in various capacities since 1930. He has been a fellow of both the Society and Institute since 1934 and a fellow of the Casualty Actuarial Society since 1935.

Mr. Lew has been with Metropolitan since 1926 and in late years has been in charge of research work in the ordinary actuarial division. He has been a fellow of the Actuarial Society since 1934.

#### Life Insurance Shows Gains Despite Distracting Factors

(CONTINUED FROM PAGE 2)

subject should have more study and consideration.

The special joint committee which studied the need for a new table of mortality reported its findings to the December meeting of the commissioners. The report embraced a model table of mortality, to be known as Table "Z." It is based mainly on the experience of 14 companies from 1920 to 1934. Although it seems to check remarkably well with the actual mortality experience, the new table is not designed for use as a reserve basis. There are a number of reasons for this: one is that Table "Z" leaves no margin for years of unusual mortality; another, that it is based on mortality experience under standard ordinary policies, so that term insurance including extended term values would have to be specially handled. The committee's report suggested that the model table be regarded as illustrative rather than as specific legislation for enactment by the states.

Perhaps nothing in life is more cruel than dependency in old age. Whether it be the poorhouse, government pensions, relatives, or friends that provide the support, it is altogether a disheartening experience for old people. Old folks as a rule do not make unreasonable demands on the world. They want only peace, modest comfort and a sense of dignity. They want not honor or reverence so much as simple respect.

The promise of an adequate government pension for people over 65 is difficult to fulfill. There is much more to it than merely paying out the money. Proposals like the Townsend plan are simply unworkable. Nor are the California, Ohio, and other similar plans feasible. The present old age assistance provisions of the social security act, under which the federal government agrees to match evenly state contributions up to \$20, now costs both governments more than they can afford to spend in outright subsidies. The unbalanced budgets in a number of states can be directly traced to the burdens assumed on account of these pension payments.

It is unfortunate that the people have been misled by fantastic pension schemes of all kinds. Developments in Congress and in the states indicate that the bottom of the pension barrel has been reached. It will become increasingly difficult for the federal and state governments to meet present pension outlays, to say nothing of higher pensions.

The American people must be schooled again in the principles of self-reliance and self-respect. Unless they are willing to live out their lives on a meager subsistence, they must hark back to the days when it was the custom of free and independent people to practice thrift and put aside something for a rainy day. It was then that the great system of legal reserve life insurance was established and developed.

The practice of individual thrift and private endeavor must be adhered to. It is the one road leading to eventual security and contentment of the people. There is no Utopia on the horizon!



THE  
**GUARDIAN LIFE**  
**INSURANCE COMPANY**  
**OF AMERICA**  
**NEW YORK CITY**



A MUTUAL COMPANY  
ESTABLISHED 1860



**\$5256 A Year —  
\$438 A Month —**

earned in 1938  
by a Western Life general agent living in a  
city of 17,000.

**1938 total agency production \$255,162.**

**1938 general agent's personal production \$125,251.**

This General Agent says: "Removing production pressure has enabled me to enjoy the business, give better service to my clients and quality business to my Company." (His 1938 earnings were \$3817 in first year commissions and \$1438 in renewals and bonuses for persistency and increase of insurance in force.)

General agency openings available in California, Oregon, Washington, Idaho, Montana and Utah. *Write for copy of financial statement.*

**WESTERN LIFE**  
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Assets — \$14,453,761  
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INSURANCE COMPANY**

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President

W. L. MOODY, III  
Executive Vice-President

GALVESTON, TEXAS

**GROWTH OF COMPANY**

THIRTY-FOURTH ANNUAL STATEMENT, DECEMBER 31, 1938

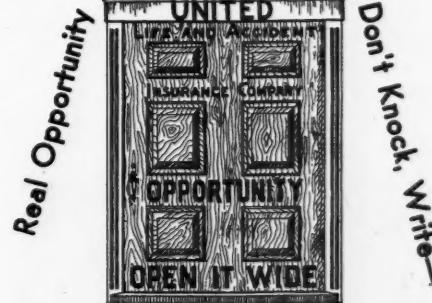
<b>GROSS INCOME</b>	<b>\$ 21,064,262.25</b>
Increase over previous year, \$1,579,237.17	
<b>PREMIUM INCOME</b>	<b>17,463,665.02</b>
Increase over previous year, \$1,189,784.20	
<b>ASSETS</b>	<b>74,672,002.62</b>
Increase over previous year, \$7,251,122.00	
<b>INSURANCE IN FORCE</b>	<b>704,193,732.00</b>
Increase over previous year, \$32,564,307.00	
<b>PAID TO POLICYHOLDERS  SINCE ORGANIZATION</b>	<b>90,703,492.44</b>

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to the Gulf, in Cuba, Puerto Rico and Hawaii

**Friendly • Progressive • Strong**



**T**HIS may be your real opportunity—don't knock. Simply write to the Agency Department of the United Life and Accident Insurance Company for the full story about our combination contract—life, containing double and triple indemnity, with weekly accident protection, non-cancellable and non-proratable.

United Life and Accident Insurance Company agents increase their earnings selling this combination life and non-cancellable accident insurance.

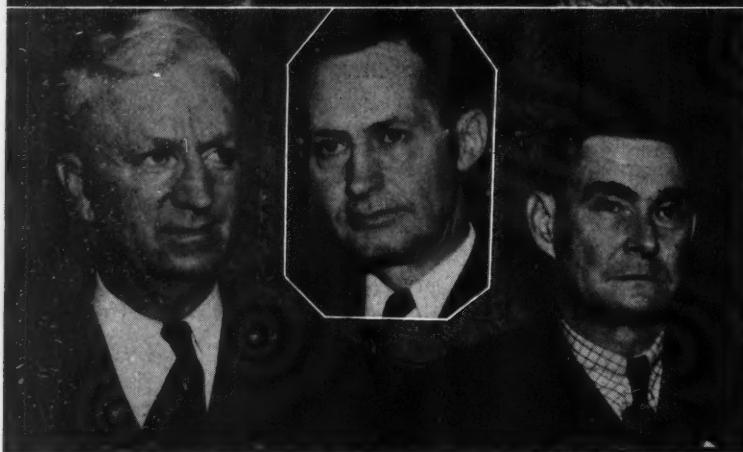
**Do you want to increase your earnings?**

**OPPORTUNITY KNOCKS—ACT NOW**

**Address your letter to:**

William D. Haller, Secretary and Agency Manager  
United Life and Accident Insurance Company  
Concord, New Hampshire

# LIFE VIEWS IN THE NEWS



At mid-winter conference of National Association of Insurance Commissioners:  
Top row—Mrs. C. R. Fischer, Des Moines; Miss Catherine Howe, New Orleans.  
Bottom row—Roy B. Rummage, Arizona commissioner; Anthony Caminetti, Jr.,  
California commissioner; C. W. Smith, Arizona department.



Left to right: Maj. H. O.F. Barrett, president, General Agents & Managers Association of Grand Rapids and manager for Metropolitan Life in Grand Rapids; Ernest H. Wilkes, vice-president Metropolitan Life, who addressed over 400 field men, general agents and managers at the Detroit sales congress; Richard T. Smith, manager Travelers and president Detroit Association of Life Underwriters, and Kenneth W. Conrey, Penn Mutual general agent, Grand Rapids, president Michigan State Association of Life Underwriters.



Senator O'Mahoney of Wyoming (left), chairman Temporary National Economic Committee; W. E. McKell (center), president New York Casualty and president New York Board of Trade, and Superintendent Pink of New York are shown at the annual luncheon of the New York Board of Trade at which Senator O'Mahoney was the speaker.



The Penn Mutual Life's outstanding first year producers were honored at a meeting of the President's Club for new organization held at the home office. They are shown above in the front row (left to right): Leslie O. Reed, Kansas City; Andrew S. Jessup, Cheyenne, Wyo.; Ralph B. Johnston, Battle Creek; Vincent A. La Barge, Berkeley, Cal. In the back row are D. Bobb Slattery, assistant agency vice-president; John A. Stevenson, president; Alexander E. Patterson, vice-president.



From his interesting collection of carriages L. L. Newman, Fort Wayne agent Penn Mutual Life, has selected this coach for his Christmastime journeys. Mr. Newman can be seen above with his "topper" and his four horses in hand. His hobby has attracted much interest.

